

# **Exhibit “A”**

No.

**In the Matter of the Arbitration Between:**

<b>HMG HEALTHMARK GROUP,</b>	§	
<b>LLC d/b/a PARK MANOR OF</b>	§	
<b>HUMBLE,</b>	§	
<b>Plaintiff</b>		
	§	
<b>v.</b>	§	
<b>TRICARE HOSPICE, LLC</b>	§	<b>HARRIS COUNTY,</b>
<b>Defendants</b>	§	<b>T E X A S</b>

**ORIGINAL PETITION**

1. *Arbitration.* The parties have agreed to Arbitration of any of their disputes conducted pursuant to the Health Care Arbitration Rules of the National Health Lawyers Association, Alternate Dispute Resolution Services. However, National Health Lawyers Association is now known as the American Health Lawyers Association, and the applicable rules are the Commercial Rules in lieu of the Health Care Arbitration Rules—  
<https://www.healthlawyers.org/dr/Documents/Arbitration%20Rules%202017/Commercial.pdf>.

The actual clause:

Arbitration. Any dispute relating to this Agreement will be settled by binding arbitration conducted in accordance with the Health Care Arbitration Rules of the NHLA Alternative Dispute Resolution Service (c/o National Health Lawyers Association, 1620 Eye Street, NW, Washington, DC 20006).

2. *Parties.*

a. Plaintiff, HMG Healthmark Group, LLC d/b/a Park Manor of Humble (hereinafter “Plaintiff”), plaintiff is a Texas Corporate Entity.

b. Defendant is Tricare Hospice, LLC, who appears to be a Texas Limited Liability Company who may be served with process by serving the its registered agent, Mollie Cohn Lambert, at the following address: 126 N. Travis, Cleveland, Texas 77327--mlambert@cohnlambdaertlaw.com.

3. The claims herein arose in Harris County, Texas.

4. *Debt Default.* On November 22, 2016, Plaintiff and defendant entered into a written agreement wherein Plaintiff is to provide palliative care services for defendant’s clients. Plaintiff provided such services pursuant to the parties’ agreement and there remains due and owing an amount of \$27,934.99 for services for 2 patients:

(Redacted for patient privacy)

	Patient	Date	Amount
a.	A., F. (Ref. 10156)	April and May 2017	\$8,058.90
b.	A., F. (Ref. 10156)	December 2016 Jan, Feb, March 2017	\$16,398.19
c.	W., G. (Ref. 8603)	April and May 2017	\$3,477.90
		Total.. . . . .	\$27,934.99

5. *Conditions Precedent.* All conditions precedent to plaintiff’s right to recover and the liability of defendant have been performed or have occurred.

6. *Attorney's Fees.* Defendant’s default has made it necessary for Plaintiff to employ the undersigned attorney to file suit\arbitration. Plaintiff sues

for reasonable and necessary, fees for the attorney's services rendered and to be rendered, in collection of this matter, with remittitur amounts in the event of any writs, bills, or appeals. More than 30 days prior to the institution of this matter, a notice of claim\demand letter was sent to defendant.

7. *Prayer.* Plaintiff prays that-
- a. Defendant be cited to appear and answer;
  - b. Plaintiff be granted an arbitration award to be ratified into a judgment for \$27,934.99 as the principal amount due on the account;
  - c. Plaintiff be granted an award and\or judgment for prejudgment and post judgment interest on the matured, unpaid debt at the highest legal or contractual rate allowed by law;
  - d. Plaintiff be granted an award and\or judgment for reasonable attorney's fees, with additional contingent amounts in the event of appellate proceedings;
  - e. Plaintiff be granted an award and\or judgment for all costs of court; and
  - f. Plaintiff be granted all further relief to which Plaintiff may be entitled.

Respectfully submitted,

/s/Howard M. Kahn

By: \_\_\_\_\_

Howard M. Kahn, Esq TBN: 11072500

Attorney Fee Expert Witness

Howard@LoneStarLawyers.com

P.O. Box 3466 Houston, Texas 77253

Tel. (713)572-5246 Fax. (713)572-5248

Attorney for Plaintiff Park Manor of Humble

	<b>No.</b>	
<b>HMG HEALTHMARK GROUP, LLC d/b/a PARK MANOR OF HUMBLE, Plaintiff</b>	§ § §	<b>IN THE COUNTY CIVIL COURT AT LAW</b>
	§	<b>NUMBER _____</b>
<b>v.</b>	§	
<b>TRICARE HOSPICE, LLC Defendants</b>	§ §	<b>HARRIS COUNTY, T E X A S</b>

**Original Petition  
And Initial Discovery Requests**

This is a level 2 case.

1. *Parties.*

a. Plaintiff is Park Manor of Humble (hereinafter “Plaintiff”), plaintiff is a Texas Corporate Entity.

b. Defendant is Tricare Hospice, LLC, who appears to be a Texas Limited Liability Company who may be served with process by serving its registered agent, Mollie Cohn Lambert, at the following address: 126 N. Travis, Cleveland, Texas 77327--mlambert@cohn Lambertlaw.com.

2. The claims herein arose in Harris County, Texas.

3. *Debt Default.* On November 22, 2016, Plaintiff and defendant entered into a written agreement wherein Plaintiff is to provide palliative care services for defendant’s clients. Plaintiff provided such services pursuant to the parties’ agreement and there remains due and owing an amount of \$27,934.99 for services for 2 patients:

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a.	A., F. (Ref. 10156)	April and May 2017	\$8,058.90
b.	A., F. (Ref. 10156)	December 2016 Jan, Feb, March 2017	\$16,398.19
c.	W., G. (Ref. 8603)	April and May 2017	\$3,477.90
		Total.. . . . .	\$27,934.99

5. Motion to Compel Arbitration: *Arbitration*. The parties have agreed to Arbitration of any of their disputes conducted pursuant to the Health Care Arbitration Rules of the National Health Lawyers Association, Alternate Dispute Resolution Services. However, National Health Lawyers Association is now known as the American Health Lawyers Association, and the applicable rules are the Commercial Rules in lieu of the Health Care Arbitration Rules—

<https://www.healthlawyers.org/dr/Documents/Arbitration%20Rules%202017/Commercial.pdf>.

The actual clause:

Arbitration. Any dispute relating to this Agreement will be settled by binding arbitration conducted in accordance with the Health Care Arbitration Rules of the NHLA Alternative Dispute Resolution Service (c/o National Health Lawyers Association, 1620 Eye Street, NW, Washington, DC 20006).

Upon defendant’s appearance herein, plaintiff moves to compel the parties to arbitration before the arbitral tribunal. Plaintiff has already filed its demand for arbitration and served defendant, however, defendant has refused to participate.

However, in the unlikely event defendant fails to answer this suit, plaintiff moves the court to excuse arbitration and enter a default judgment against defendant.

6. *Attorney's Fees.* Defendant's default has made it necessary for Plaintiff to employ the undersigned attorney to file suit\arbitration. Plaintiff sues for reasonable and necessary, fees for the attorney's services rendered and to be rendered, in collection of this matter, with remittitur amounts in the event of any writs, bills, or appeals. More than 30 days prior to the institution of this matter, a notice of claim\demand letter was sent to defendant.

7. *Conditions Precedent.* All conditions precedent to plaintiff's right to recover and the liability of defendant have been performed or have occurred.

8. Initial Discovery Requests: Within 50 days of service, please answer the following Requests:

- A. **Request for Disclosure:** Within 50 days of being served with this Instrument, please disclose all information contained in Tex. R. Civ. P. Rule 194.2(a) through (l).
  
- B. **Request for Admissions:** Within 50 days of being served with this Instrument, please admit or deny the following. Failure to respond within such 50 days will deem these requests admitted for all purposes of this case.
  - 1. Defendant owes plaintiff \$16,398.19 for plaintiff's services to A., F. (Ref. 10156) for January and February and March 2017.
  - 2. Defendant owes plaintiff \$8,058.90 for plaintiff's services to A., F. (Ref. 10156) For April and May 2017.
  - 3. Defendant owes plaintiff \$3,477.90 for plaintiff's services to W., G (Ref. 8603) for April and May 2017.
  - 4. Defendant owes plaintiff \$27,934.99.

5. Defendant owes plaintiff reasonable and necessary attorneys fees.
6. Defendant owes plaintiff arbitration costs and filing fees plaintiff incurred in demanding arbitration.
7. Par. 5.03 of the Agreement Between the parties states:

**5.03 Arbitration. Any dispute relating to this Agreement will be settled by binding arbitration conducted in accordance with the Health Care Arbitration Rules of the NHLA Alternative Dispute Resolution Service (c/o National Health Lawyers Association, 1620 Eye Street, NW, Washington, DC 20006).**

**THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT, BY AGREEING TO BINDING ARBITRATION, THE PARTIES WAIVE THE RIGHT TO SUBMIT THE DISPUTE FOR DETERMINATION BY A COURT AND THEREBY ALSO WAIVE THE RIGHT TO A JURY TRIAL. THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT THE GROUNDS FOR APPEAL OF AN ARBITRATION AWARD ARE VERY LIMITED COMPARED TO A COURT JUDGMENT OR JURY VERDICT.**

**THE PARTIES FURTHER UNDERSTAND AND ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED OF THEIR RIGHTS TO CONSULT WITH AN ATTORNEY REGARDING THIS ARBITRATION AGREEMENT PRIOR TO EXECUTING THIS ARBITRATION AGREEMENT, AND BY EACH PARTY'S SIGNATURE BELOW, EACH PARTY ACKNOWLEDGES THAT IT HAS EITHER CONSULTED WITH AN ATTORNEY, OR HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY WITH REGARD TO THIS ARBITRATION AGREEMENT BUT HAS ELECTED NOT TO DO SO.**

- C. Request for Production: Within 50 days of being served with this Instrument, please produce true and correct exact duplicates of the following:
1. Any and all documents and things in your possession describing the two patients described in this lawsuit.
  2. Any and all documents and things which evidence defendant's payment(s) to plaintiff for the services plaintiff is suing defendant.
  3. Any and all documents and things defendant relies on to dispute the claims made herein by plaintiff.



4. Any and all documents and things defendant relies on to dispute or deny any request for admission.
  
9. *Prayer.* Plaintiff prays that-
  - a. Defendant be cited to appear and answer;
  - b. Plaintiff be granted judgment for \$27,934.99 as the principal amount due on the account;
  - c. Plaintiff be granted an award and/or judgment for prejudgment and post judgment interest on the matured, unpaid debt at the highest legal or contractual rate allowed by law;
  - d. Plaintiff be granted an award and/or judgment for reasonable attorney's fees, with additional contingent amounts in the event of appellate proceedings;
  - e. Plaintiff be granted an award and/or judgment for all costs of court and arbitration; and
  - f. Plaintiff be granted all further relief to which Plaintiff may be entitled.

Respectfully submitted,

/s/Howard M. Kahn

By: \_\_\_\_\_

Howard M. Kahn, Esq TBN: 11072500

Attorney Fee Expert Witness

Howard@LoneStarLawyers.com

P.O. Box 3466 Houston, Texas 77253

Tel. (713)572-5246 Fax. (713)572-5248

Attorney for Plaintiff

STATE OF TEXAS

§  
§  
§  
§

**AFFIDAVIT**

under Tex. R. Civ. Evid. Rules 803(6),  
902(10)(B) & 1003, Tex. R. Civ. P. Rule 185

COUNTY OF HARRIS

Before me, the undersigned authority, personally appeared, Bryant Sam . ("Affiant") who, being by me first duly sworn, deposed as follows:

My name is Larry Beltran ("Affiant"). I am over the age of 18 years of age and fully competent to make this affidavit. The facts stated herein are true and correct and are based on my personal knowledge.

I am a custodian of the records of Park Manor of Humble ("Facility") whose address is 19424 McKay Blvd. Humble, TX 77338.

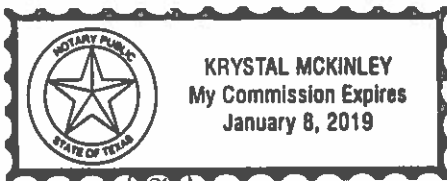
Attached hereto are \_\_\_ pages of records from Facility regarding **Tri Care Hospice, LLC** ("Tricare"), which is an itemized statement of this account and they are marked collectively as Exhibit A. These said pages of records are kept by Facility in the regular course of business, and it was the regular course of business of Facility for an employee or representative of Facility, with knowledge of the act, event, condition, opinion, or diagnosis, recorded to make the record or to transmit information thereof to be included in such record; and the record was made at or near the time or reasonably soon thereafter. The records attached hereto are the original or exact duplicates of the original.

This claim is for liquidated money is based upon a contract between the parties, on which a systematic record has been kept, and that such claim is, within the knowledge of affiant, just and true, that it is due, and that all just and lawful offsets, payments and credits have been allowed. Owner and owner's agent received the services described herein and the charges are in accordance with the parties' agreement and the amount due is unpaid.


The amount due and owing is **\$27,934.99**

  
\_\_\_\_\_  
Larry Beltran

SUBSCRIBED AND SWORN TO before me on this the 13 day of November, 2017 which witness my hand and seal of office.



(Scal)

  
\_\_\_\_\_  
NOTARY PUBLIC, STATE OF TEXAS  
Notary's printed name: Krystal McKinley  
My commission expires: 1/8/19

### Assignment of Receivables

**Date:** November 10, 2017

**Grantor:** HMG Park Manor of Humble, LLC  
dba Park Manor of Humble  
19424 McKay Blvd.  
Humble, TX 77338

**Grantee:** HMG HEALTHCARE, LLC  
1780 Hughes Landing Boulevard, Suite 500  
The Woodlands, Texas 77380

**Consideration:** One Dollar (\$1.00) and Other Good and Valuable Consideration

**Property (including any improvements):**

All of Grantor's \$27,934.99 accounts receivable's claim for services rendered to Tricare Hospice's patients services that were provided.

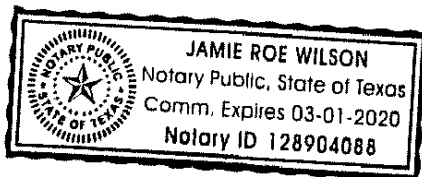
For without recourse, Grantor, for the consideration, assigns, grants, sells, and conveys and has by these presents assigned, granted, sold and conveyed to Grantee all of Grantor's interest in the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor's and Grantor's heirs and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, successors, and assigns against every pe son whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the reservations from conveyance and exceptions to conveyance and warranty.

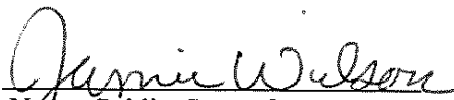


BY: LAURENCE DASPIT, CFO

STATE OF TEXAS §  
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 10 day of November, 2017 by



  
Notary Public, State of Texas

### Assignment of Receivables

**Date:** November 10, 2017

**Grantor:** HMG Park Manor of Deerbrook, LLC  
dba Deerbrook Skilled Nursing and Rehab Center  
9250 Humble Westfield Rd.  
Humble, TX 77338

**Grantee:** HMG HEALTHCARE, LLC  
1780 Hughes Landing Boulevard, Suite 500  
The Woodlands, Texas 77380

**Consideration:** One Dollar (\$1.00) and Other Good and Valuable Consideration

**Property (including any improvements):**

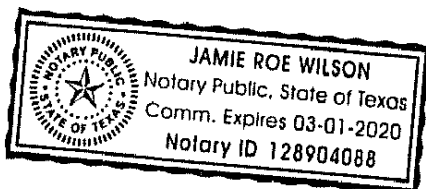
All of Grantor's \$10,019.19 accounts receivable's claim for services rendered to Tricare Hospice, LLC's patients services that were provided.

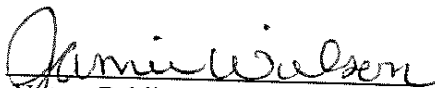
Grantor, for the consideration, assigns, grants, sells, and conveys and has by these presents assigned, granted, sold and conveyed to Grantee all of Grantor's interest in the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor's and Grantor's heirs and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the reservations from conveyance and exceptions to conveyance and warranty.

  
BY: LAURENCE DASPIT, CFO

STATE OF TEXAS §  
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 10 day of November, 2017 by



  
Notary Public, State of Texas

**Nursing Facility Contract Agreement**

This Agreement is entered into this 22nd day of November, 20 16 by and between Park Manor of Humble referred to in this Agreement as "Facility" and Ticare Hospice, referred to in this Agreement as "Hospice". Facility will provide palliative care services according to the coordinated Hospice and Nursing Facility Plan of Care to the Hospice patient in the Facility.

**DEFINITIONS:**

**Attending physician:** a doctor of medicine or osteopathy who is identified by the individual, at the time of election to the Hospice benefit, as having the most significant role in determination and delivery of the individual's medical care.

**Interdisciplinary Team (IDT):** a group of individuals composed at minimum of a physician; a registered nurse; a social worker and a pastor or counselor who provide or supervise the care and services needed to meet the patient and family needs.

**Medical Director:** a doctor of medicine or osteopathy who is an employee, or is under contract with the hospice, and assumes overall responsibility for the medical component of the hospice patient care program.

**Case Manager:** an RN designated by the hospice to provide professional management and coordinate the implementation of the plan of care for each patient

**Palliative care:** intervention that focus primarily on the reduction or abatement of physical, psychosocial, and spiritual symptoms of a terminal illness, not curative measures; throughout the illness involves addressing the physical, intellectual, emotional, social, and spiritual needs of the patient and family, and facilitating patient autonomy, access to information, and choice.

**Plan of Care (POC):** a written individualized plan of care and services necessary to meet the patient-specific needs. It includes all patient care physician orders, and planned interventions for problems identified during patient assessments, to ensure that care and services are appropriate to the severity level of each patient and family's needs.

**Room and Board:** performance of personal care services to include assistance in activities of daily living, administration of medication, socializing activities, maintaining cleanliness of a resident's room, and supervision and assistance in the use of durable medical equipment and prescribed therapies.

**Business Associate:** An entity other than an employee of the hospice who performs or assists in the performance of a function or activity involving receiving or having access to Protected Health Information.

**HIPAA:** Health Insurance Portability and Accountability Act

**Protected Health Information (PHI):** (45 CFR 164.501) Includes, but not limited to, individually identifiable health information such as patients' names, addresses, phone numbers, specific health diagnosis, or other such information used or created for care of the patients, the payment for services, or Hospice's operations and is limited to the information created or received by Business Associate from or on behalf of Hospice.

WHEREAS, Hospice is a licensed and certified agency providing palliative services to terminally ill patients, who wishes to utilize the services of the Facility; and

WHEREAS, Hospice patients may need the services of Facility; and

WHEREAS, Facility is licensed to provide room and board services to patients; and

WHEREAS, Facility is willing to make their services available to Hospice patients;

Now, therefore, in consideration of the Agreement set forth herein, the parties do agree to the following terms and conditions:

## 1. Responsibilities of Hospice:

### 1.01 Admission Process:

- A Hospice RN will complete the initial health assessment visit, which will be a part of the comprehensive assessment, within 48 hours of the physician's referral to hospice. The comprehensive health assessment will include:
  - Physical assessment/Review of systems
  - ADLs/Functional status
  - Medications, including pain management and symptom control
  - Psychosocial and spiritual status as well as support system
  - Residential environment
  - Nutritional requirements
  - Family support and needs
- The Plan of Care will be written in collaboration with the Hospice IDT, the Facility staff, the patient/family and the physician, based on the patient/family needs.
- Any changes in the POC will be discussed with the patient or representative, Facility representatives, and must be approved by hospice before implementation.
- Hospice staff visits will be scheduled based on patient/family need and according to the agreed upon plan of care.

### 1.02. Provision of Services:

- Medical direction and management of the patient;
- Nursing;
- Counseling, including spiritual, dietary and bereavement;
- Social work;
- Provision of medical supplies, DME, and drugs for palliation of pain/symptoms associated with the terminal diagnosis and related conditions;
- Other hospice services as indicated in the patient's plan of care and approved by the IDT;
- Services available 24 hours a day as patient's needs arise and according to the plan of care.
- Services will be delivered according to the patient specific plan of care.

### 1.03 Information/Documentation provided to Facility on admission and on-going:

- Most recent hospice plan of care;
- Hospice election form and any advance directives specific to each patient;
- Physician certification and recertification of the terminal illness specific to each patient;
- Hospice medication information specific to each patient;
- Hospice physician and attending physician orders specific to each patient;
- Copies of clinical notes after each visit.
- Medicaid Hospice Recipient Election/Discharge Cancellation Notice form, if appropriate;
- Instructions on how to access hospice's 24-hour on-call system;
- Names and contact information for hospice personnel involved in care of each patient;

### 1.04 Coordination/Continuity of Care:

- Authorize services to be provided in Facility. Hospice will be responsible for determining appropriate course of hospice care, including changing level of service provided.
- Assure the orientation of staff who provide that care includes hospice philosophy, hospice policies and procedures regarding methods of comfort, pain control, symptom management, as well as principles about death and dying, individual responses to death, patient rights, appropriate forms, and record keeping requirements.

1.11 Hospice will report any alleged violations involving mistreatment, neglect, or verbal, mental, sexual, and physical abuse, including injuries of unknown source, and misappropriation of patient property by anyone unrelated to the hospice to the Facility administrator within 24 hours of hospice becoming aware. Hospice also has a duty to immediately report any allegations, whether related or unrelated to hospice, to the Department of Aging and Disability Services and the Department of Family and Protective Services.

2. Responsibilities of the Facility:

- 2.01 Provide 24 hour room and board care in accordance with Medicaid guidelines, meeting personal care and nursing needs that would have been provided by the patient's primary caregiver at home, at the same level of care provided if hospice had not been elected.
- 2.02 Provide palliative services on a timely basis that complement and support the hospice patient, in accordance with Plan of Care as established and revised by Hospice IDT and Facility. Hospice related services performed by Facility staff will only be provided with express authorization of Hospice.
- 2.03 Provide access and unrestricted visiting privileges (including visits by children of all ages) twenty-four (24) hours a day, three hundred and sixty five (365) days a year. Provide space for private visiting between patients and their families, and accommodations for family members to remain with the patient throughout the night, and in the event of death, privacy for the family.
- 2.04 Notify Hospice immediately if:
- Significant changes in patient's physical, mental, social, or emotional status occur;
  - Clinical complications appear that suggest need to alter the plan of care;
  - Need to transfer patient from Facility;
  - Need for changes in level of care due to patient's condition;
  - Patient dies.
- 2.05 If the Facility transfers the patient from the facility, the hospice makes arrangements for, and remains responsible for, any necessary continuous care or inpatient need identified by the Hospice IDT.
- 2.06 Follow medication procedure to ensure proper payor is billed and reconciled between Facility and Hospice:
- Facility will contact Hospice for approval prior to filling a new prescription;
  - Facility will have established procedures that ensure drugs unrelated to the hospice patient's terminal illness are ordered through a vendor drug program.
- 2.07 Maintain an accurate medical record that includes all services and events provided. All services will be furnished according to agreement. Required documentation provided by Hospice will be included in a designated area/section. Facility will ensure that these forms are not removed. Facility will provide a copy of patient's medical record to Hospice, if requested, after discharge.
- 2.08 Conform to all applicable Hospice policies, including personnel qualifications.

- 2.09 Provide qualified personnel that are current in professional practice standards and licenses. Evidence of qualifications shall be available to hospice, on request. Ensure staff availability for hospice care training of employees who provide care under the agreement. Facility is responsible for checking criminal background history on their employees/contracted staff who have direct patient contact or access to patient records, and for checking the OIG Exclusion List on a monthly basis.
- 2.10 Coordinate with Hospice if bereavement services are needed for Facility staff.
- 2.11 Retain books, documents, records necessary to verify the nature and extent of the cost of services rendered for a period of six (6) years after last hospice payment to the facility and make available, on written request of the Secretary of the Department of Health and Human Services and/or the Comptroller General's duly authorized representative.

3. Licensure and Qualifications:

- 3.01 Facility: Maintain a current state license, Medicaid contract, and Medicare certification from CMS and provide services in compliance with all rules and regulations. Facility will notify hospice immediately concerning any proposed, threatened or actual revocation, termination of state license, Medicaid contract, or Medicare certification.
- 3.02 Hospice: Maintain a current state hospice license, Medicaid contract, and Medicare certification from CMS and provide services in compliance with Medicare conditions of participation and state regulations. Hospice will notify the facility immediately concerning any proposed, threatened or actual revocation or termination of state license or Medicare certification.

4. Compensation:

- 4.01 Hospice: If patient is a Medicaid patient and Hospice is responsible for room and board, Hospice will pay the Medicaid Rug rate minus the applied income as indicated, after receiving the signed bill from the Facility, and being paid by Medicaid. Hospice may pay Facility an additional dollar amount (to equal no more than 100% of the room and board) for Facility to collect and manage the patient's applied income. It is agreed that any subsequent Medicaid adjustments will be reimbursed or collected as notified by Medicaid. Hospice will not assume responsibility for payment of services that have not had prior authorization.

- 4.02 Facility: If Medicaid is paying for patient's room and board, and Hospice is responsible, Facility will bill Hospice the approved Rug rate minus the applied income, on a monthly basis. Hospice Company shall pay Facility within 30 days from date of invoice.

5. Miscellaneous Terms and Conditions:

- 5.01 Term and Termination. This Agreement will be in effect for one (1) year and will be automatically renewed at the end of the first year and each subsequent year unless terminated.
- 5.01(a) Either party may terminate this Agreement at any time, with or without cause, by providing at least ~~sixty (60)~~ <sup>30 days</sup> days advance written notice of the termination date to the other party. Such termination will have no effect upon the rights and obligations resulting from any transactions occurring prior to the effective date of the termination.



- 5.01(b) If this Agreement is terminated during the term, with or without cause, the parties may not enter into a new Agreement during the first year of the original term of the Agreement.
- 5.02 The parties entering into this Agreement agree that nothing contained in this Agreement will be construed to create a partnership, joint venture, Hospice, or employment relationship between the parties. Hospice acknowledges that Provider has no responsibility for any employees, workers, or agents of Hospice. Provider acknowledges that Hospice has no responsibility for any employees, workers, or agents of Provider.
- 5.03 Arbitration. Any dispute relating to this Agreement will be settled by binding arbitration conducted in accordance with the Health Care Arbitration Rules of the NHLA Alternative Dispute Resolution Service (c/o National Health Lawyers Association, 1620 Eye Street, NW, Washington, DC 20006).

THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT, BY AGREEING TO BINDING ARBITRATION, THE PARTIES WAIVE THE RIGHT TO SUBMIT THE DISPUTE FOR DETERMINATION BY A COURT AND THEREBY ALSO WAIVE THE RIGHT TO A JURY TRIAL. THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT THE GROUNDS FOR APPEAL OF AN ARBITRATION AWARD ARE VERY LIMITED COMPARED TO A COURT JUDGMENT OR JURY VERDICT.

THE PARTIES FURTHER UNDERSTAND AND ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED OF THEIR RIGHTS TO CONSULT WITH AN ATTORNEY REGARDING THIS ARBITRATION AGREEMENT PRIOR TO EXECUTING THIS ARBITRATION AGREEMENT, AND BY EACH PARTY'S SIGNATURE BELOW, EACH PARTY ACKNOWLEDGES THAT IT HAS EITHER CONSULTED WITH AN ATTORNEY, OR HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY WITH REGARD TO THIS ARBITRATION AGREEMENT BUT HAS ELECTED NOT TO DO SO.

- 5.04 Assignment. No assignment of this Agreement or the rights and obligations hereunder will be valid without prior written consent from both parties.
- 5.05 Entire Contract. This Agreement constitutes the entire contract between Hospice and Provider. Any agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect.
- 5.05(a) This Agreement may be executed in any number of counterparts, each of which will be deemed to be the original.
- 5.05(b) No amendments to this Agreement will be effective unless made in writing and signed by both parties.
- 5.05(c) This Agreement will be governed by and construed in accordance with the laws of the state in which the parent hospice office is located.
- 5.05(d) If any provision of this Agreement is held by a court or other tribunal of competent jurisdiction, in whole or in part, to be unenforceable for any reason, the remainder of that provision and of the entire agreement will be severable and remain in effect.

- 5.06 **Compliance with Applicable Laws.** Nothing in this Agreement is intended to conflict with federal, state, or local laws or regulations. Should such conflicts exist, the parties agree to follow applicable laws and regulations.
- 5.07 **Proprietary Information:** All materials made available to Facility including but not limited to manuals, inservices, orientation, software, hard copies, and forms by Hospice are considered the property of Hospice. It is understood and agreed upon that these materials may not be presented or used independently by Facility. This will be enforced during the term of contract or after the expiration of this contract.
- 5.08 **Non-discrimination:** Facility and Hospice will not discriminate in provision of services with respect to age, race, color, religion, military status, gender preference, genetic information, sex, marital status, national origin, disability, or source of payment.
- 5.09 **Grievance Policy:** Hospice /Facility will investigate all complaints regarding:
- Facility services to patients
  - Hospice services to patients
- Hospice and facility agree to cooperate to resolve any complaints regarding services to patients.

- 5.10 **Confidentiality:**
- Facility and Hospice will maintain confidentiality of all patient records and disclose information and data in records only to persons or entities authorized by law or by written consent of patient or patient's representative.
- 5.11 **HIPAA Compliance.** Business Associate will comply with all aspects of HIPAA ("Health Insurance Portability and Accountability Act").

Business Associate expressly agrees to:

- Not use or disclose PHI, as defined below, other than as permitted or required by this Agreement, or any other agreement by the parties (together the "underlying contracts") or as required by law. [§ 164.504 (e)(2)(i)(A)] Business Associate may use and disclose Protected Health Information only if its use or disclosure is in compliance with each applicable requirement of section 164.504(e) of title 45 of the Code of Federal Regulations;
- Use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement; [§ 164.504(e)(2)(ii)(B)]
- Report to Hospice any use or disclosure of PHI not provided for by this Agreement of which Business Associate becomes aware; [§ 164.504(e)(2)(ii)(C)]
- Ensure that any agents and subcontractors to whom it provides PHI received from, or created or received by Business Associate on behalf of Hospice agree to the same restrictions and conditions set forth in the business associate provisions of the HIPAA regulations that apply through this Agreement to Business Associate with respect to such information; [§ 164.504(e)(2)(ii)(D)]
- Within twenty (20) days of receiving a written request from Hospice, make available to the Hospice PHI necessary for Hospice to respond to individuals' requests for access to PHI about them in the event that the PHI in Business Associate's possession constitutes a Designated Record Set. [§ 164.504(e)(2)(ii)(E)] In the event any individual requests access to PHI directly from Business Associate, Business Associate shall within five (5) business days forward such request to the Hospice. Any denials of access to the PHI requested shall be the responsibility of the Hospice;

- Within thirty (30) days of receiving a written request from Hospice, make available to the Hospice PHI for amendment and incorporate any amendments to the PHI in accordance with 45 C.F.R. Part 164 Subpart E ("Privacy Rule") in the event that the PHI in Business Associate's possession constitutes a Designated Record Set; [§ 164.504(e)(2)(ii)(F)]
- Within thirty (30) days of receiving a written request from Hospice, make available to the Hospice the information required for the Hospice to provide an accounting of disclosures of PHI as required by the Privacy Rule. [§ 164.504(e)(2)(ii)(G)] Business Associate shall provide the Hospice with the following information: (i) the date of the disclosure, (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person, (iii) a brief description of the PHI disclosed, and (iv) one of the following, as applicable: (a) a brief statement of the purpose of such disclosure which includes an explanation that reasonably informs the individual of the basis for such disclosure or in lieu of such statement, (b) a copy of a written request from the Secretary of Health and Human Services to investigate or determine compliance with HIPAA; or (c) a copy of the individual's request for an accounting. In the event the request for an accounting is delivered directly to Business Associate, Business Associate shall within seven (7) business days forward such request to the Hospice;
- Make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary of the US Department of Health and Human Services ("Secretary of HHS") for purposes of determining Hospice's compliance with the Privacy Rule; [§ 164.504(e)(2)(ii)(H)]
- Upon the expiration or termination of an underlying contract, return to Hospice or destroy all PHI, including such information in possession of Business Associate's subcontractors, as a result of the underlying contract at issue and retain no copies, if it is feasible to do so. If return or destruction is infeasible, Business Associate agrees to extend all protections, limitations and restrictions contained in this Agreement to Business Associate's use and/or disclosure of any retained PHI, and to limit further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible. This provision shall survive the termination or expiration of this Agreement and/or any underlying contract; [§ 164.504(e)(2)(ii)(I)]
- Use reasonable commercial efforts to mitigate any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement;
- Implement Administrative Safeguards, Physical Safeguards, and Technical Safeguards ("Safeguards") that reasonably and appropriately protect the Confidentiality, Integrity, and Availability of ePHI as required by 45 C.F.R. Part 164 Subpart C ("Security Rule"); [§ 164.314(a)(2)(i)(A)]
- Ensure that any agent and subcontractor to whom Business Associate provides ePHI agrees to implement reasonable and appropriate safeguards to protect ePHI; [§ 164.314(a)(2)(i)(B)]
- Report promptly to Hospice any successful Security Incident of which Business Associate becomes aware [§ 164.314(a)(2)(i)(C)]; provided, however, that with respect to attempted unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system affecting ePHI, such report to Hospice will be made available upon written request;
- Make its policies, procedures and documentation required by the security rule relating to the Safeguards available to the Secretary of HHS for purposes of determining Hospice's compliance with the Security Rule; [68 Fed. Reg. 8334, 8359]

- Effective January 1, 2010, if Business Associate accesses, maintains, retains, modifies, records, stores, destroys, or otherwise holds, uses, or discloses Unsecured Protected Health Information (as defined in HITECH Sec. 4402(h)(1)), it shall, following the discovery of a breach of such information, notify the Hospice of such breach. Such notice shall include the identification of each individual whose unsecured protected health information has been, or is reasonably believed by Business Associate to have been accessed, acquired, or disclosed during such breach. [HITECH Sec. 4402 (b)]

Notwithstanding anything to the contrary stated above, except as otherwise specified in this Agreement, Business Associate may make any and all uses and disclosures of PHI necessary to perform its obligations under this contract. Accordingly, Business Associate may:

- Use the PHI in its possession for its proper management and administration and to carry out the responsibilities of Business Associate [§ 164.504(e)(4)(i)];
  - Disclose the PHI in its possession to a third party for the purpose of Business Associate's proper management and administration or to carry out the responsibilities of Business Associate, provided that the disclosures are Required By Law or Business Associate obtains reasonable assurances from the third party regarding the confidential handling of such PHI as required under the Privacy Rule [§ 164.504 (e)(4)(ii)];
  - Provide Data Aggregation services relating to the Health Care Operations of the Hospice [§ 164.504(e)(2)(i)(B)]; and
  - De-identify any and all PHI obtained by Business Associate under this Agreement, and use such de-identified data, all in accordance with the de-identification requirements of the Privacy Rule. [§ 164.502(d)(1)]
- 5.12 If services provided under this agreement shall have an aggregate cost of \$10,000 or more over a twelve-month period, the Facility shall, until the expiration of four years after furnishing of such services, make available upon written request of the Secretary of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, the subcontract and this agreement, the books, documents, and other records of Facility to the extent provided by 42 U.S.C.S §1395 x(v)(1)(I) and lawful regulations and that are necessary to verify the nature and extent of the costs of services provided.
- 5.13 **Insurance:**  
Facility shall maintain general liability insurance and professional medical liability insurance and agrees to furnish Hospice with certified copies upon request.  
Hospice shall maintain general liability insurance and professional medical liability insurance and agrees to furnish Facility with certified copies upon request.
- 5.14 **Indemnification:**
- Hospice shall not be liable under any contracts or obligations of the Facility, except as otherwise provided in this agreement, or for any act or omission of the Facility or the Facility's officers, employees, or agents. Facility agrees to indemnify and hold harmless the Hospice from any and all losses, damages, costs and expenses (including reasonable attorney's fees), that are caused by or arise out of omission, fault, negligence, or other misconduct by the Facility, its employees, independent contractors, or volunteers in connection with this agreement.

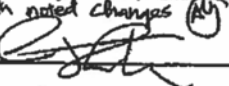
- Facility shall not be liable under any contracts or obligations of the Hospice, except as otherwise provided in this agreement, or for any act or omission of the Hospice or the Hospice officers, employees, or agents. Hospice agrees to indemnify and hold harmless the Facility from any and all losses, damages, costs and expenses (including reasonable attorney's fees), that are caused by or arise out of omission, fault, negligence, or other misconduct by the Hospice, its employees, independent contractors, or volunteers in connection with this agreement.

These indemnities shall be limited to the coverage provided by and the monetary limits of liability provided in the Hospice and Facility insurance policies or self-insurance programs.

In witness whereof, the undersigned have duly executed this agreement or have duly caused this agreement to be duly executed on their behalf, as of the day and year first set forth.

Facility Park Manor of Humble  
19424 McKay Blvd.  
Humble, Texas 77338  
Bryant Sam, Administrator

Hospice TriCare Hospice, LLC  
605 Rockmead Dr., Ste. 100  
Kingwood, Texas 77339  
Bryan Neal, Owner

\*With noted changes (AU)  
By:  \_\_\_\_\_

By:  \_\_\_\_\_

Date: 11/22/14 \_\_\_\_\_

Date: 11/22/2014 \_\_\_\_\_

- Designate a member of each IDT that is responsible for a patient who is a resident of the Facility. The designated member is responsible for:
    - Providing overall coordination of the hospice care of the patient with the Facility representatives and
    - Communicating with Facility representatives and other providers to ensure quality of care for the patient/family.
  - Hold Interdisciplinary Team Meetings to which the staff of the Facility are invited, to discuss the patient/family needs.
  - Develop POC in coordination with patient/family, Facility, Medical Director, and attending physician. Any changes in the POC will be discussed with the patient/family and Facility, and will be approved by Hospice prior to implementation.
  - Maintain professional management responsibility /coordination of facility services and ensure services are furnished in a safe, timely, and effective manner, according to the Plan of Care. Responsible for the patient/family assessments to include medical, nursing, psychosocial and spiritual.
  - Monitor care provided by Facility as part of the hospice Quality Assessment Performance Improvement process through frequent staff visits, satisfaction surveys and patient outcomes.
  - Participate in the facility's Quality Assessment Performance Improvement program as it relates to the services provided under agreement.
  - Maintain communication with facility staff, patient/family and physician with appropriate documentation.
  - Maintain IDT communication with Facility's Medical Director, patient's attending physician, and other physicians participating in the provision of care, as needed, to coordinate Hospice care of the patient with the medical care provided by other physicians.
- 1.05 Patients are accepted for care only by the licensed hospice.
- 1.06 Hospice will provide qualified Hospice staff to visit in the Facility. All Hospice staff will be current in professional practice standards, licenses, and criminal history checks, as applicable.
- 1.07 Hospice RN Case Manager will coordinate and supervise all services provided to the hospice patient residing within the Facility, through written communication, to ensure the patient/family needs are met 24 hours a day. This communication will be documented on nurse visit notes.
- 1.08 Hospice will offer bereavement services to Facility staff as appropriate, and in coordination with Facility.
- 1.09 Hospice may use the Facility's staff to assist in the administration of prescribed therapies included in the plan of care only to the extent that hospice would routinely use the services of a hospice patient's family. Hospice will provide services at the same level and to the same extent as those services would be provided if patient was at home.
- 1.10 Evaluation of services will be monitored through outcomes of patient/family plans of care, and through satisfaction survey and evaluation data gathered in the Hospice QAPI program.

# Exhibit “B-1”

## **AUTHORIZING RESOLUTION**

At a duly constituted meeting of the Board of Directors of Winnie-Stowell Hospital District (“District”), a political subdivision of the State of Texas established pursuant to CHAPTER 286 OF THE TEXAS HEALTH & SAFETY CODE, held on January 10th, 2018, the following resolution was adopted:

**WHEREAS**, at its January 10, 2018 Special Meeting, the Board of Directors determined that it was in the best interest of the District to designate its existing Depository Account ending with the last four numbers of 1008 at Interbank, in Graham, Texas to serve as a “Government Deposit Account” in which funds deposited into this account are received from a state or federal governmental entity.

**WHEREAS**, also at this meeting, the Board of Directors unanimously approved the establishment of a Disbursement Account at Interbank for the purpose of receiving funds from the Governmental Deposit Account as well as other non-governmental revenue and to serve as the District’s Texstar account.

**WHEREAS**, in addition to designating the District’s existing account at Interbank as a Governmental Deposit Account and opening a Disbursement Account at Interbank, the Board of Directors agreed to execute a Depository Account Instruction and Service Agreement (“DAISA”) to be entered into between the Winnie Stowell Hospital District, Interbank, and Salt Creek Capital instructing Interbank to routinely sweep all funds in the Governmental Deposit Account into the District’s Disbursement Account and agreed to execute an amended Depository Account Control Agreement with Salt Creek Capital, LLC (“Salt Creek”) and Interbank for the new Disbursement Account.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the District hereby adopts the following resolutions:

- (1) Interbank (“Bank”) is designated as a depository bank of funds belonging to the Winnie Stowell Hospital District.
- (2) Interbank is authorized to open a Disbursement Account subject to a Depository Account Control Agreement with Interbank and Salt Creek Capital.
- (3) The following officers of the District, listed below, are authorized to wire transfer funds or ACH Funds to or from the Accounts subject to any agreement with Bank or Salt Creek Capital, including but not limited to: Depository Account Instruction and Service Agreements (“DAISA”); or Depository Account Control Agreements (“DACA”):



<b>Name</b>	<b>Title</b>	<b>Signature</b>
Edward Murrell	President	_____
Jeff Rollo	Vice President	_____
Raul Espinoza	Secretary	_____
Sharon Burgess	Director	_____
Anthony Stramecki	Director	_____

- (4) The following staff and service providers of the District, listed below, are authorized to wire transfer funds or ACH Funds to or from the Accounts subject to any agreement with Bank or Salt Creek Capital, including but not limited to: Depository Account Instruction and Service Agreements (“DAISA”); or Depository Account Control Agreements (“DACA”):

<b>Name</b>	<b>Title</b>	<b>Signature</b>
Sherrie Norris	Administrator	_____
Lee Hughes	LTC Group	_____

- (5) The officers, employee, and service provider for LTC Group named above have provided specimen signatures herein and are authorized to sign signature cards and Accounts agreements.
- (6) The District is authorized to enter into Treasurer Management Agreements for each account subject to this resolution.
- (7) The Administrator of the District is authorized and directed to deliver for and on behalf of the District, a certificate of this resolution to the bank.

- (8) The Bank is authorized to rely upon this Resolution until the bank has received written notice of any amendment or recession of the resolution.

I further certify that the District is duly organized and existing, and has the power to take the action called for by the foregoing resolutions.

**SECRETARY CERTIFICATE**

I, the undersigned, Raul Espinoza, Secretary of the Winnie Stowell Hospital District, hereby certify that that the foregoing is a full, true, and correct copy of a resolution duly adopted by the Board of Directors of the Winnie Stowell Hospital District at its Regular Meeting held on January 10, 2018, held on the day and at the place therein specified, at which a majority of the members were present and voted. I further certify that the resolution is entered in the minutes and has not been amended or repealed.

**IN WITNESS WHEREOF**, I have hereunto set my hand as Secretary this 10th day of January, 2018.

---

Raul Espinoza, Secretary  
Board of Directors

# Exhibit “B-2”

# Exhibit “C-1”

## Loan 10 Amended Blocked Account Control Agreement (“Shifting Control”)

AGREEMENT dated as of	January 10,	2018	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the “District”),
SALT CREEK CAPITAL, LLC			(the “Lender”)	and INTERBANK	(the “Depository”).

The parties hereto refer to Account No.		in the name of District maintained at Depository (the “Account”)
and hereby agree as follows:		

- District and Lender notify Depository that by separate agreement District has granted Lender a security interest, attached hereto as **Exhibit A**, in the Account and all funds on deposit from time to time therein. Depository acknowledges being so notified.
- The purpose of this Agreement is to perfect a lien against the District’s Texnet Account at Interbank in Graham, Texas, Account No. 1755271008, in the event the District defaults on the attached (10 Month) Short Term Commercial Note No. 10 signed on May 25, 2017 by the District. (See **Exhibit B**)

Prior to the Effective Time (as defined below) Depository shall honor all withdrawal, payment, transfer or other fund disposition or other instructions which the District is entitled to give under the Account Documentation (as hereinafter defined) (collectively, “instructions”) received from the District (but not those from Lender) concerning the Account. On and after the Effective Time (and without District’s consent), Depository shall honor all instructions received from Lender (but not those from District) concerning the Account and District shall have no right or ability to access or withdraw or transfer funds from the Account.

For the purposes hereof, the “Effective Time” shall be the opening of business on the business day next succeeding the business day on which a notice purporting to be signed by Lender in substantially the same form as **Exhibit C**, attached hereto, with a copy of this Agreement attached thereto (a “Shifting Control Notice”), is actually received by Depository; provided that if any such notice is so received after 2:00 PM, Central time, on any business day, the “Effective Time” shall be the opening of business on the second business day next succeeding the business day on which such receipt occurs; and provided further, that a “business day” is any day other than a Saturday, Sunday or other day on which Depository is authorized or required by law to be closed.

Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Account duly commenced by Depository or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) Depository and/or any affiliate may (at its discretion and without any obligation to do so) (x) cease honoring District’s instructions and/or commence honoring solely Lender’s instructions concerning the Account at any time or from time to time after it becomes aware that Lender has sent to it a Shifting Control Notice but prior to the Effective Time therefor (including without limitation halting, reversing or redirecting any transaction referred to in clause (i) above), or (y) deem a Shifting Control Notice to be received by it for purposes of the foregoing paragraph prior to the specified unit’s actual receipt if otherwise actually received by Depository (or if such Shifting Control Notice does not comply with the form attached hereto as **Exhibit C** or does not attach an appropriate copy of this Agreement), with no liability whatsoever to District or any other party for doing so.

- This Agreement supplements, rather than replaces, Depository’s deposit account agreement, terms and conditions and other standard documentation in effect from time to time with respect to the Account or services provided in connection with the Account (the “Account Documentation”), which Account Documentation will continue to apply to the Account and such services, and the respective rights, powers, duties, obligations, liabilities and responsibilities of the parties thereto and hereto, to the extent not expressly conflicting with the provisions of this Agreement (however, in the event of any such conflict, the provisions of this Agreement shall control). Prior to issuing any instructions on or after the Effective Time, Lender shall provide Depository with such documentation as Depository may reasonably request to establish the identity and authority of the individuals issuing instructions on behalf of Lender. Lender may request the Depository to provide other services (such as automatic daily transfers) with respect to the Account on or after the Effective Time; however, if such services are not authorized or otherwise covered under the Account Documentation, Depository’s decision to provide any such services shall be made in its sole discretion (including without limitation being subject to District and/or Lender executing such Account Documentation or other documentation as Depository may require in connection therewith).
- Depository agrees not to exercise or claim any right of offset, banker’s lien or other like right against the Account for so long as this Agreement is in effect except with respect to (i) returned or charged-back items, reversals or cancellations of payment orders and other electronic fund transfers or other corrections or adjustments to the Account or transactions therein, (ii) overdrafts in the Account or (iii) Depository’s charges, fees and expenses with respect to the Account or the services provided hereunder.
- Notwithstanding anything to the contrary in this Agreement: (i) Depository shall have only the duties and responsibilities with respect to the matters set forth herein as is expressly set forth in writing herein and shall not be deemed to be an agent, bailee or fiduciary for any party hereto; (ii) Depository shall be fully protected in acting or refraining from acting in good faith without investigation on any notice (including without limitation a Shifting Control Notice), instruction or request purportedly furnished to it by District or Lender in accordance with the terms hereof, in which case the parties hereto agree that Depository has no duty to make any further inquiry whatsoever; (iii) it is hereby acknowledged and agreed that Depository has no knowledge of (and is not required to know) the terms and provisions of the separate agreement referred to in paragraph 1 above or any other related documentation or whether any actions by Lender (including without limitation the sending of a Shifting Control Notice), District or any other person or entity are permitted or a breach thereunder or consistent or inconsistent therewith, (iv) Depository shall not be liable to any party hereto or any other person for any action or failure to act under or in connection with this Agreement except to the extent such conduct constitutes its own willful misconduct or gross negligence (and to the maximum extent permitted by law, shall under no circumstances be liable for any incidental, indirect, special, consequential or punitive damages); and (v) Depository shall not be liable for losses or delays caused by force majeure, interruption or

malfunction of computer, transmission or communications facilities, labor difficulties, court order or decree, the commencement of bankruptcy or other similar proceedings or other matters beyond Depository's reasonable control.

6. District hereby agrees to indemnify, defend and save harmless Depository against any loss, liability or expense, including reasonable fees and disbursements of counsel (collectively, "Covered Items"), incurred in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding relating thereto or incurred as a result of following District's direction or instruction. Lender hereby agrees to indemnify, defend and save harmless Depository against any Covered Items incurred (i) on or after the Effective Time in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding related thereto, (ii) as a result of following Lender's direction or instruction (including without limitation Depository's honoring of a Shifting Control Notice) or (iii) due to any claim by Lender of an interest in the Account or the funds on deposit therein.
7. Depository may terminate this Agreement (i) in its discretion upon the sending of at least thirty (30) days' advance written notice to the other parties hereto or (ii) because of a material breach by District or Lender of any of the terms of this Agreement or the Account Documentation, upon the sending of at least five (5) days advance written notice to the other parties hereto. Lender may terminate this Agreement in its discretion upon the sending of at least three (3) days advance written notice to the other parties hereto, provided that Depository may shorten or waive the requirement that Lender's notice be in advance and any such shortening or waiver shall be binding on all parties. Any other termination or any amendment or waiver of this Agreement shall be effected solely by an instrument in writing executed by all the parties hereto. The provisions of paragraphs 5 and 6 above shall survive any such termination.
8. District shall compensate Depository for the opening and administration of the Account and services provided hereunder in accordance with Depository's fee schedules from time to time in effect. Payment will be effected by a direct debit to the Account.
9. This Agreement: (i) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument; (ii) shall become effective when counterparts hereof have been signed by the parties hereto; and (iii) **shall be governed by and construed in accordance with the laws of the State of Texas**. All notices under this Agreement shall be in writing and sent (including via emailed pdf or similar file or facsimile transmission) to the parties hereto at their respective addresses, email addresses or fax numbers set forth below (or to such other address, email address or fax number as any such party shall designate in writing to the other parties from time to time).

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

WINNIE-STOWELL HOSPITAL DISTRICT				SALT CREEK CAPITAL, LLC			
By:		Date:		By:		Date:	
Name:	Edward Murrell			Name:	Alfred G. Allen, III		
Title:	President			Title:	Manager		
Address for Notices:	P.O. Box 1997, 538 Broadway			Address for Notices:	P.O. Box 930, 455 Elm Street, Suite 100		
	Winnie, Texas 77665				Graham, Texas 76540		
Fax No.:	(409) 296-6326			Fax No.:	(940) 549-5691		
Email Address:	Murrelledward@yahoo.Com			Email Address:	aga@turnerandallen.com		
<b>INTERBANK</b>							
By:		Date:					
Name:	Harold Wilbanks						
Title:	Sr. Vice President						
<b>Address for other Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____				<b>Address For Shifting Control and Termination Notices:</b> InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____			

# **Exhibit A**



# **Exhibit B**

## Exhibit C

### SHIFTING CONTROL NOTICE

InterBank  
455 Elm Street  
Graham, Texas 76450  
Attention: Harold Wilbanks  
Email: harold.wilbanks@interbankus.com  
Fax No.: \_\_\_\_\_

Re: Blocked Account Control Agreement dated as of January 10 2018 (the "Agreement") by and among

Winnie-Stowell Hospital District ("Debtor"), SALT CREEK Capital, LLC ("Secured Party") and InterBank

relating to Account(s)

---

Ladies and Gentlemen:

This constitutes a Shifting Control Notice as referred to in paragraph 2 of the Agreement, a copy of which is attached hereto.

SALT CREEK CAPITAL, LLC			
By:		Date:	
Name:	Alfred G. Allen, III		
Title:	Manager		

# Exhibit “C-2”

**Loan 12**  
**Amended Blocked Account Control**  
**Agreement (“Shifting Control”)**  
November 1, 2017 – September 1, 2018

AGREEMENT dated as of	January 10	2018	by and among	WINNIE-STOWELL HOSPITAL DISTRICT	(the “District”),
SALT CREEK CAPITAL, LLC			(the “Lender”)	and INTERBANK	(the “Depository”).
The parties hereto refer to Account No.			in the name of District maintained at Depository (the “Account”)		
and hereby agree as follows:					

- District and Lender notify Depository that by separate agreement District has granted Lender a security interest, attached hereto as **Exhibit A**, in the Account and all funds on deposit from time to time therein. Depository acknowledges being so notified.
- The purpose of this Agreement is to perfect a lien against the District’s Texnet Account at Interbank in Graham, Texas, Account No. 1755271008, in the event the District defaults on the attached (10 Month) Short Term Commercial Note No. 10 signed on May 25, 2017 by the District. (See **Exhibit B**)

Prior to the Effective Time (as defined below) Depository shall honor all withdrawal, payment, transfer or other fund disposition or other instructions which the District is entitled to give under the Account Documentation (as hereinafter defined) (collectively, “instructions”) received from the District (but not those from Lender) concerning the Account. On and after the Effective Time (and without District’s consent), Depository shall honor all instructions received from Lender (but not those from District) concerning the Account and District shall have no right or ability to access or withdraw or transfer funds from the Account.

For the purposes hereof, the “Effective Time” shall be the opening of business on the business day next succeeding the business day on which a notice purporting to be signed by Lender in substantially the same form as **Exhibit C**, attached hereto, with a copy of this Agreement attached thereto (a “Shifting Control Notice”), is actually received by Depository; provided that if any such notice is so received after 2:00 PM, Central time, on any business day, the “Effective Time” shall be the opening of business on the second business day next succeeding the business day on which such receipt occurs; and provided further, that a “business day” is any day other than a Saturday, Sunday or other day on which Depository is authorized or required by law to be closed.

Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Account duly commenced by Depository or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) Depository and/or any affiliate may (at its discretion and without any obligation to do so) (x) cease honoring District’s instructions and/or commence honoring solely Lender’s instructions concerning the Account at any time or from time to time after it becomes aware that Lender has sent to it a Shifting Control Notice but prior to the Effective Time therefor (including without limitation halting, reversing or redirecting any transaction referred to in clause (i) above), or (y) deem a Shifting Control Notice to be received by it for purposes of the foregoing paragraph prior to the specified unit’s actual receipt if otherwise actually received by Depository (or if such Shifting Control Notice does not comply with the form attached hereto as **Exhibit C** or does not attach an appropriate copy of this Agreement), with no liability whatsoever to District or any other party for doing so.

- This Agreement supplements, rather than replaces, Depository’s deposit account agreement, terms and conditions and other standard documentation in effect from time to time with respect to the Account or services provided in connection with the Account (the “Account Documentation”), which Account Documentation will continue to apply to the Account and such services, and the respective rights, powers, duties, obligations, liabilities and responsibilities of the parties thereto and hereto, to the extent not expressly conflicting with the provisions of this Agreement (however, in the event of any such conflict, the provisions of this Agreement shall control). Prior to issuing any instructions on or after the Effective Time, Lender shall provide Depository with such documentation as Depository may reasonably request to establish the identity and authority of the individuals issuing instructions on behalf of Lender. Lender may request the Depository to provide other services (such as automatic daily transfers) with respect to the Account on or after the Effective Time; however, if such services are not authorized or otherwise covered under the Account Documentation, Depository’s decision to provide any such services shall be made in its sole discretion (including without limitation being subject to District and/or Lender executing such Account Documentation or other documentation as Depository may require in connection therewith).
- Depository agrees not to exercise or claim any right of offset, banker’s lien or other like right against the Account for so long as this Agreement is in effect except with respect to (i) returned or charged-back items, reversals or cancellations of payment orders and other electronic fund transfers or other corrections or adjustments to the Account or transactions therein, (ii) overdrafts in the Account or (iii) Depository’s charges, fees and expenses with respect to the Account or the services provided hereunder.
- Notwithstanding anything to the contrary in this Agreement: (i) Depository shall have only the duties and responsibilities with respect to the matters set forth herein as is expressly set forth in writing herein and shall not be deemed to be an agent, bailee or fiduciary for any party hereto; (ii) Depository shall be fully protected in acting or refraining from acting in good faith without investigation on any notice (including without limitation a Shifting Control Notice), instruction or request purportedly furnished to it by District or Lender in accordance with the terms hereof, in which case the parties hereto agree that Depository has no duty to make any further inquiry whatsoever; (iii) it is hereby acknowledged and agreed that Depository has no knowledge of (and is not required to know) the terms and provisions of the separate agreement referred to in paragraph 1 above or any other related documentation or whether any actions by Lender (including without limitation the sending of a Shifting Control Notice), District or any other person or entity are permitted or a breach thereunder or consistent or inconsistent therewith, (iv) Depository shall not be liable to any party hereto or any other person for any action or failure to act under or in connection with this Agreement except to the extent such conduct constitutes its own willful misconduct or gross negligence (and to the maximum extent permitted by law, shall under no circumstances be liable for any incidental, indirect, special,

consequential or punitive damages); and (v) Depository shall not be liable for losses or delays caused by force majeure, interruption or malfunction of computer, transmission or communications facilities, labor difficulties, court order or decree, the commencement of bankruptcy or other similar proceedings or other matters beyond Depository's reasonable control.

6. District hereby agrees to indemnify, defend and save harmless Depository against any loss, liability or expense, including reasonable fees and disbursements of counsel (collectively, "Covered Items"), incurred in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding relating thereto or incurred as a result of following District's direction or instruction. Lender hereby agrees to indemnify, defend and save harmless Depository against any Covered Items incurred (i) on or after the Effective Time in connection with this Agreement or the Account (except to the extent due to Depository's willful misconduct or gross negligence) or any interpleader proceeding related thereto, (ii) as a result of following Lender's direction or instruction (including without limitation Depository's honoring of a Shifting Control Notice) or (iii) due to any claim by Lender of an interest in the Account or the funds on deposit therein.
7. Depository may terminate this Agreement (i) in its discretion upon the sending of at least thirty (30) days' advance written notice to the other parties hereto or (ii) because of a material breach by District or Lender of any of the terms of this Agreement or the Account Documentation, upon the sending of at least five (5) days advance written notice to the other parties hereto. Lender may terminate this Agreement in its discretion upon the sending of at least three (3) days advance written notice to the other parties hereto, provided that Depository may shorten or waive the requirement that Lender's notice be in advance and any such shortening or waiver shall be binding on all parties. Any other termination or any amendment or waiver of this Agreement shall be effected solely by an instrument in writing executed by all the parties hereto. The provisions of paragraphs 5 and 6 above shall survive any such termination.
8. District shall compensate Depository for the opening and administration of the Account and services provided hereunder in accordance with Depository's fee schedules from time to time in effect. Payment will be effected by a direct debit to the Account.
9. This Agreement: (i) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument; (ii) shall become effective when counterparts hereof have been signed by the parties hereto; and (iii) **shall be governed by and construed in accordance with the laws of the State of Texas**. All notices under this Agreement shall be in writing and sent (including via emailed pdf or similar file or facsimile transmission) to the parties hereto at their respective addresses, email addresses or fax numbers set forth below (or to such other address, email address or fax number as any such party shall designate in writing to the other parties from time to time).

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

WINNIE-STOWELL HOSPITAL DISTRICT				SALT CREEK CAPITAL, LLC			
By:		Date:		By:		Date:	
Name:	Edward Murrell			Name:	Alfred G. Allen, III		
Title:	President			Title:	Manager		
Address for Notices:	P.O. Box 1997, 538 Broadway			Address for Notices:	P.O. Box 930, 455 Elm Street, Suite 100		
	Winnie, Texas 77665				Graham, Texas 76540		
Fax No.:	(409) 296-6326			Fax No.:	(940) 549-5691		
Email Address:	Murrelledward@yahoo.Com			Email Address:	aga@turnerandallen.com		
<b>INTERBANK</b>							
By:		Date:					
Name:	Harold Wilbanks						
Title:	Sr. Vice President						
<b>Address for other Notices:</b>				<b>Address For Shifting Control and Termination Notices:</b>			
InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____				InterBank 455 Elm Street Graham, Texas 76450 Attention: <u>Harold Wilbanks</u> Email: <u>harold.wilbanks@interbankus.com</u> Fax No.: _____			

# **Exhibit A**

# **Exhibit B**



## Exhibit C

### SHIFTING CONTROL NOTICE

InterBank  
455 Elm Street  
Graham, Texas 76450  
Attention: Harold Wilbanks  
Email: harold.wilbanks@interbankus.com  
Fax No.: \_\_\_\_\_

Re: Blocked Account Control Agreement dated as of May 24 2017, (the "Agreement") by and among

Winnie-Stowell Hospital District ("Debtor"), SALT CREEK Capital, LLC ("Secured Party") and InterBank

relating to Account(s) 1755271008

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Ladies and Gentlemen:

This constitutes a Shifting Control Notice as referred to in paragraph 2 of the Agreement, a copy of which is attached hereto.

SALT CREEK CAPITAL, LLC			
By:		Date:	
Name:	Alfred G. Allen, III		
Title:	Manager		

# Exhibit “C-3”

## DEPOSIT ACCOUNT INSTRUCTIONS AND SERVICE AGREEMENT

### Government Deposit Account

January 10, 2018

This Deposit Account Instructions and Service Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, this “**Agreement**”), dated as of the date first written above is by and among **INTERBANK** in its capacity as depository bank (together with its successors and assigns, the “**Bank**”), **WINNIE-STOWELL HOSPITAL DISTRICT**, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, section 9, and Chapter 286 of the Health and Safety Code, as amended (the “**Hospital District**”), and **SALT CREEK CAPITAL, LLC**, a Texas Limited Liability, (together with its successors and assigns, the “**Secured Party**”). This Agreement shall serve as instructions regarding the operation and procedures for the accounts at the Bank described below.

1. *Account Identification.* This Agreement applies to account(s) that have been established at the Bank and identified in **Exhibit A** attached hereto (each, an “**Account**” and collectively, the “**Accounts**”). Remittances will be processed in accordance with the terms of this Agreement and the Bank’s standard operating procedures. The Bank shall have no responsibility or duty hereunder with respect to such remittances prior to receipt in each respective Account.

2. *Various Defined Terms.*

(a) “**Business Day**” means any day other than Saturday, Sunday or any day recognized as a holiday by the Board of Governors of the Federal Reserve System.

(b) “**Security Agreements**” means that certain Security Agreements entered into between the District and Security from time to time (as amended, restated, supplemented or otherwise modified from time to time with the prior written consent of Secured Party, which consent will not unreasonably be withheld).

3. *Government Deposit Account.* (a) The accounts identified on **Exhibit A**, collectively, as the Government Deposit Account have been established in the name of Hospital District with the Bank for the purpose of receiving checks and electronic funds transfers from payors of governmental receivables for deposit into such accounts established with the Bank in the name of Hospital District for such purpose (the “**Government Deposit Account**”). The Bank has no obligation to determine the source of payments received in the Government Deposit Account.

(b) Subject to Section 5 hereof, Hospital District hereby provides the following standing revocable instructions pertaining to the Government Deposit Account (the “**Instructions**”) to the Bank; on each Business Day, the Bank shall transfer to the Hospital District’s respective account identified on **Exhibit A** as the Disbursement Account (the “**Disbursement Account**”) the

collected balance of the Government Deposit Account. Solely as long as applicable law provides, or requires, Hospital District may at any time revoke the Instructions upon prior written notice to the Bank and Secured Party (a “**Revocation Order**”), which will direct the Bank to transfer the collected balance in the Government Deposit Account to an account other than the Disbursement Account; *provided, however*, to the fullest extent permitted by applicable law at any time, any such Revocation Order shall not become effective until thirty (30) days after Bank’s and Secured Party’s receipt of such Revocation Order. If a Revocation Order is received, the Bank shall also use all reasonable efforts to promptly provide Secured Party with a copy of such Revocation Order; *provided, however*, that the Bank’s failure or delay in providing Secured Party with a copy thereof shall not result in any liability to the Bank and shall not affect the Bank’s duty to comply with the terms thereof.

(c) The parties hereto hereby agree and confirm that Hospital District has sole dominion and control over the Government Deposit Account and all funds held therein and each party other than Hospital District hereby disclaims any right of any nature whatsoever to control or otherwise direct or make any claims against the funds held, from time to time, in the Government Deposit Account, except as otherwise provided herein or if and as applicable law shall change.

#### 4. *Security Interest.*

(a) The Hospital District has granted to Secured Party a security interest in all amounts from time to time on deposit in the Government Deposit Account. The parties hereto agree that this Agreement constitutes an “authenticated record” for purposes of Section 9- 104(a)(2) of the Texas Uniform Commercial Code (the “UCC”) and is being entered into to provide instructions for the Government Deposit Account.

(b) The Hospital District represents and warrants to Secured Party and Bank, which representations and warranties shall survive the execution and delivery of this Agreement, that it has not assigned or granted a security interest in the Government Deposit Account or any cash, moneys and other property on deposit therein from time to time therein except to Secured Party. The Hospital District will not permit the Government Deposit Account to become subject to any other pledge, assignment, lien, charge or encumbrance of any kind, other than Secured Party’s security interest referred to herein.

5. *Duties.* Hospital District and the Secured Party agree that: (i) Bank has no duty to monitor the balance of the Accounts; (ii) Bank is hereby authorized to honor any instructions with respect to the Government Deposit Account (including a Revocation Order) from Hospital District (without obtaining the consent of Secured Party); (iii) Bank is hereby authorized to, without further inquiry, rely on and act in accordance with any instructions it receives from (or which purport to be from) Hospital District (with respect to the Government Deposit Account) and Bank shall have no liability to the Secured Party, Hospital District or any other person or entity in relying on and acting in accordance with any such instructions; (iv) Bank shall have no responsibility to inquire as to the form, execution, sufficiency or validity of any notice or instructions received by it pursuant hereto, nor to inquire as to the identity, authority or rights of the person or persons executing or delivering the same; and (v) the Bank shall have two (2) Business Days within which to act in accordance with any notice or instructions from Hospital

District with respect to the Government Deposit Account. Notwithstanding the foregoing, Hospital District hereby instructs Bank not to make any withdrawals from the Government Deposit Account other than those set forth in Section 3(b) above.

(b) Notwithstanding anything to the contrary contained in this Agreement, upon receipt of written notice of the filing or commencement of any bankruptcy, receivership, insolvency, reorganization, dissolution or liquidation proceedings by or against the Hospital District (a “**Bankruptcy Filing**”), the Bank shall immediately cease all transfers of funds pursuant to this Agreement to anyone other than Secured Party. Upon receipt by the Bank of an appropriate order from a court of competent jurisdiction, the Bank shall thereafter resume any transfer of funds pursuant to this Agreement.

6. *Electronic Signatures.* A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes.

7. *Information.* Hospital District shall, and Bank is hereby authorized to, provide to Secured Party view access to the Government Deposit Account and all activity with respect thereto and provide, to the extent reasonably requested by Secured Party, (orally, in writing, electronically or otherwise) balance and transaction information regarding the Government Deposit Account, including, without limitation, daily activity in the Government Deposit Account and copies of periodic account statements, and Hospital District agrees to pay all expenses and fees in connection therewith.

8. *Exculpation; Indemnity.*

(a) The Bank undertakes to perform only such duties as are expressly set forth herein. Notwithstanding any other provisions of this Agreement, the parties hereby agree that Bank shall not be liable for any action taken by it or any of its directors, officers, agents, employees, affiliates, successors and assigns in accordance with this Agreement, including, without limitation, any action so taken at Secured Party’s request, except direct damages attributable to the Bank’s own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. In no event shall Bank be liable for any (i) losses or delays resulting from acts of God, war, terrorism, force majeure, computer malfunction, interruption of communication facilities, labor difficulties or other causes beyond Bank’s reasonable control, (ii) for any other damages, including, without limitation, indirect, special, punitive or consequential damages or (iii) any losses or damages to any third-party as a result of any actions taken or omitted by the Bank in accordance with this Agreement.

(b) To the extent allowed by law, Hospital District agrees to indemnify and hold Bank harmless from and against all costs, damages, claims, judgments, reasonable attorneys’ fees (whether in-house or outside counsel), expenses, obligations and liabilities of every kind and nature (collectively, “**Losses**”) which Bank may incur, sustain or be required to pay (other than those solely attributable to Bank’s gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction) in connection with or arising out of this Agreement, the Accounts, and to pay to Bank on demand the amount of all such

Losses. Nothing in this Agreement, and no indemnification of Bank under this Section 8, shall affect in any way the indemnification obligations of Hospital District to Secured Party contained in any other agreement. The provisions of this Section 8 shall survive termination of this Agreement.

9. *Charges.* (a) In consideration of the services of Bank in establishing, maintaining, and conducting transactions through the Accounts, Bank has established, and Hospital District hereby agrees to pay, Bank's usual, customary and reasonable fees and other charges for the Accounts (collectively, "**Account Charges**") together with any and all other expenses incurred by Bank in connection with this Agreement or the Accounts, including, without limitation, the reasonable legal fees of the Bank, including the fees of Bank's internal counsel, of every kind and nature, paid or incurred by Bank in enforcing its rights and remedies under this Agreement, or in connection with defending any defense, cause or action, claim, counterclaim, set-off or cross-claim based on any act or omission by the Bank with respect to this Agreement or the Accounts (collectively, with the Account Charges, the "**Charges**").

(b) In connection with the payment of the Charges in any month, Bank will charge the Disbursement Account. If the balance in the Disbursement Account is not sufficient to cover such fees, Hospital District shall pay the amount of such shortfall upon demand by the Bank.

(c) Bank reserves the right to change any or all of the fees and charges according to annual review, upon not less than ten (10) days written notice to Hospital District and Secured Party, provided that all such fees must be the Bank's usual, customary and reasonable fees.

10. *Chargebacks.* (a) All items deposited in, and electronic funds transfers credited to, the Accounts and then returned unpaid or returned (or not finally settled) for any reason (collectively, "**Chargebacks**") will be handled in the following manner:

(i) Any item which is returned because of insufficient or uncollected funds or otherwise dishonored for any reason will be charged back to the Government Deposit Account.

(ii) Any returns, reversals or Chargebacks relating to electronic funds transfers or deposits into the Government Deposit Account will be charged back to the Government Deposit Account.

(b) The Bank will use reasonable efforts to notify Hospital District of any and all Chargebacks which have been charged back to the Government Deposit Account by reporting the return of such items (or electronic funds transfers) to the persons identified in, or as otherwise designated pursuant to, Section 16 hereof. The returned item will be sent to Hospital District along with a debit advice. Secured Party will also receive a copy of each such returned item and the debit advice.

(c) If there are insufficient funds in the Disbursement Account to cover such Chargebacks, and Hospital District otherwise fails to pay to the Bank the amount of such Chargebacks within two (2) Business Days following demand by the Bank, the Bank may then

debit the Government Deposit Account, in the case of items deposited into the Government Deposit Account, for the amount of such Chargebacks.

11. *Irrevocable Agreement.* Hospital District acknowledges that the agreements made by it and the authorizations granted by it herein, other than those contained in Section 3, are irrevocable and that the authorizations granted in Sections 3 and 4 are powers coupled with an interest.

12. *Set-off.* The Bank waives all of its existing and future rights of set-off and banker's liens against the Accounts and all items (and proceeds thereof) that come into possession of Bank in connection with the Accounts, except those rights of set-off and banker's liens arising in connection with (a) any charges, fees, expenses, payments and other amounts for which Hospital District is responsible to Bank (including, without limitation, any of the foregoing with respect to cash management services provided by Bank to Hospital District, including, but not limited to, funds transfer (origination or receipt), trade, lockbox, commercial card, investment, disbursement, reconciliation, stop payment, positive pay, automatic investment, imaging, and information services), (b) Chargebacks, (c) Charges, and (d) amounts owed to Bank pursuant to Section 8 hereof.

13. *Partial Subordination of Bank's Rights.* Bank hereby subordinates to the security interest of Secured Party in the funds in the Government Deposit Account (i) any security interest which Bank may have or acquire in the Government Deposit Account and the funds therein, and (ii) any right which Bank may have or acquire to set off or otherwise apply any funds in the Government Deposit Account against the payment of any indebtedness from time to time owing to Bank from Hospital District except for debits to the Government Deposit Account permitted under this Agreement for the payment of Chargebacks or Account Charges.

14. *Miscellaneous.* This Agreement is binding upon the parties hereto and their respective successors and permitted assigns (including any trustee of Hospital District appointed or elected in any action under the Bankruptcy Code) and shall inure to their respective benefit. Hospital District shall not be entitled to assign or delegate any of its rights or duties hereunder without first obtaining the express prior written consent of Bank and Secured Party. Bank shall not be entitled to assign or delegate any of its rights or duties hereunder without first obtaining the express prior written consent of Secured Party and Hospital District. Secured Party may assign its rights or duties under this Agreement by written notice to Bank and the Hospital District and such assignment shall be effective as to the Hospital District and Bank upon written notice to same. Neither this Agreement nor any provision hereof may be changed, amended, modified or waived, except by an instrument in writing signed by all of the parties hereto. Any provision of this Agreement that may prove unenforceable under any law or regulation shall not affect the validity of any other provision hereof. This Agreement may be executed in any number of counterparts which together shall constitute one and the same instrument. The Government Deposit Account is not subject to any control agreements, and this Agreement shall supersede any deposit account control agreement or deposit agreement (or similar agreement) with respect to the Government Deposit Account.

15. *Termination.* The Hospital District may terminate this Agreement upon not less than thirty (30) days prior written notice to Secured Party and Bank. Bank may terminate this Agreement for any reason upon thirty (30) calendar days' prior written notice to the Hospital District and Secured Party. Bank may terminate this Agreement at any time upon five (5) calendar days' written notice to the Hospital District and Secured Party if (i) either the Hospital District or Secured Party breaches any of the terms of this Agreement or any other agreement with Bank or (ii) Bank receives from the Hospital District a copy of any written notice from Secured Party to the Hospital District that all of the Hospital District's obligations to Secured Party have been satisfied. This Agreement may be terminated by the Secured Party upon fifteen (15) days' prior written notice to Bank.

16. *Notices.* Any notice or other communication required or permitted under this Agreement shall be in writing and personally delivered, mailed by registered or certified U.S. mail (return receipt requested and postage prepaid), sent by telecopier or other electronic transmission (with a confirming copy sent by regular mail), or sent by prepaid nationally recognized overnight courier service, and addressed to the relevant party at its address set forth below, or at such other address as such party may, by written notice, designate as its address for purposes of notice under this Agreement:

(a) If to the Secured Party, at:

SALT CREEK CAPITAL, LLC  
Attn: Alfred G. Allen, III  
P.O. Box 930, 455 Elm Street, Suite 100  
Graham, Texas 76540  
Fax No.: (940) 549-5691  
Email: aga@turnerandallen.com

(b) If to Bank, at:

INTERBANK  
Attn: Harold Wilbanks  
455 Elm Street  
Graham, Texas 76450  
Fax No.: (940) \_\_\_\_-\_\_\_\_  
Email: harold.wilbanks@interbankus.com

With a copy to:

(c) If to Hospital District, at:

WINNIE STOWELL HOSPITAL DISTRICT,  
Attn: Board Chairman  
P.O. Box 1997  
Winnie, Texas 77665  
Facsimile No.: 409-833-9182



Email: Sherrie@wshd-tx.com

With a copy to:

Hubert Oxford, IV  
Benckenstein & Oxford, LLP  
3535 Calder, Suite 300  
Beaumont, Texas 77706  
Telephone: 409-951-4721  
Facsimile: 409-833-8819  
Email: hoxfordiv@benoxford.com

If mailed, notice shall be deemed to be given three (3) days after being sent, and if sent by personal delivery, telecopier or other electronic transmission or prepaid courier, notice shall be deemed to be given when delivered. If any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender unless expressly set forth in such notice.

17. *Governing Law.* This Agreement shall be construed in all respects in accordance with, and enforced and governed by the laws of the State of Texas, without regard to conflicts of law principles. Venue shall be in Chambers County, Texas.

**[Signature Pages Follow]**

**IN WITNESS WHEREOF**, this Deposit Account Instructions and Service Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

**HOSPITAL DISTRICT:**

**WINNIE-STOWELL HOSPITAL DISTRICT**, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, § 9 and Chapter 286 of the Health and Safety Code, as amended

By: \_\_\_\_\_  
Name: Edward Murrell  
Title: President

**SECURED PARTY:**

SALT CREEK CAPITAL, LLC

By: \_\_\_\_\_  
Name: Alfred G. Allen, III  
Its: Manager

**ACCEPTED AND AGREED:**

**BANK:**

Interbank

By: \_\_\_\_\_

Name: Harold Wilbanks

Title: Sr. Vice President

**Exhibit A**

	<b><u>Hospital District Name</u></b>	<b><u>Government Deposit Account</u></b>	<b><u>Disbursement Account</u></b>
1	Winnie-Stowell Hospital District	1755271008	

# Exhibit “D”

**WINNIE-STOWELL HOSPITAL DISTRICT  
INDIGENT HEALTHCARE  
POLICY & PROCEDURE STATEMENT**

Subject: Indigent Care Program  
Level: Organization  
Authorization: Board of Directors  
Effective: Date: January 10, 2018

**I. MISSION STATEMENT:** To attend to and balance the healthcare needs of the community with fiscal responsibility.

**II. PURPOSE:** To establish rules and procedure that will identify *any* qualified resident of Winnie-Stowell Hospital District (WSHD) who qualifies for the Indigent Care Assistance Program (ICAP).

**III. POLICY:**

- A. The WSHD is liable for health care services as provided by the Texas Constitution and the statute creating the District.
- B. The WSHD is the payor of last resort pursuant to Section 61.060(c) of the Health and Safety Code (i.e., Indigent Healthcare Act) and is not liable for payment or assistance to an eligible resident in the hospital's service area if any other public or private source of payment is available.
- C. If another source of payment does not adequately cover a health care service a public hospital provides to an eligible resident of the hospital's service area, the hospital shall pay for or provide the health care service for which other payment is not available.

**IV. DISCLAIMER:** In the event that any provision of this Policy and Procedure Statement is more restrictive than Chapter 61 of the Texas Health and Safety Code, it is the intent of the WSHD for Chapter 61 to supersede this Statement.

**IV. ELIGIBILITY:**

- A. Citizenship: A person applying for WSHD ICAP must be one of the following:
  - 1. A natural born citizen
  - 2. A naturalized citizen; or
  - 3. A Sponsored Alien. A "sponsored alien" means a person who has been lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. Section 1101 et seq.) and who, as a condition of admission,

was sponsored by a person who executed an affidavit of support on behalf of the person. *See* Tex. Health & Safety Code Section 61.008(c).

4. Documented Alien: A documented alien that has a green card and has had the status for at least five (5) years from their legal entry date into the United State.
5. Legally Admitted Alien: An alien legally admitted for permanent resident who is:
  - a. An honorably discharged U.S. Veteran, or
  - b. U.S. active duty military personnel, or the spouse, or
  - c. Minor unmarried dependent child of an honorably discharged U.S. Veteran or U.S. active duty military personnel.

#### B. Residence Eligibility

1. A person must live in the WSHD when the person applies.
2. A person lives in the WSHD if the person's home or fixed place of habitation is located in the District and he intends to return to the District after any temporary absences.
3. A person with no fixed residence or a new resident in the District who declares intent to remain in the WSHD is also considered a District resident.
4. A person does not lose his residency status because of a temporary absence from the WSHD. No time limits are placed on a person's absence from the District
5. An applicant who is absent from the WSHD for more than 180 days must re-apply for eligibility;
6. A person cannot qualify for ICAP from more than one hospital district or county simultaneously; or
7. Persons Not Considered Residents:
  - a. An inmate or resident of a state school or institution operated by any state agency;
  - b. An inmate, patient, or resident of a school or institution operated by a federal agency;
  - c. A minor student primarily supported by his parents whose home residence is in another District, county or state;
  - d. A person who moved into the WSHD solely for the purpose of obtaining health care assistance.



- e. A person who maintains a residence or homestead elsewhere.
- C. Verifying Residency: A resident of the WSHD must submit a minimum of two of the following documents as proof of residents within the WSHD
- 1. Mail addressed to the applicant, his spouse, or children;
  - 2. Texas driver's license or other official identification;
  - 3. Rent, mortgage payment, or utility receipt;
  - 4. Property tax receipt;
  - 5. Voting record;
  - 6. School enrollment records;
  - 7. Statement from a landlord, a neighbor, or other reliable source; or
  - 8. Three (3) consecutive months of receipts in the name of the applicant for:
    - a. Utility bills;
    - b. Rent/mortgage payments;
    - c. Lease agreements;
  - 9. No medical or hospital bills, invoices, nor claims may be used to prove/verify a residence.
- D. Financial Eligibility:
- 1. Services shall be provided to those residents of the WSHD who have a gross yearly income less than or equal to ***150% of the Federal Poverty Income Level***, and who are not eligible for Medicare, Medicaid or any other health care assistance and/or reimbursement programs.
  - 2. Winnie-Stowell Hospital District may request that the applicant verify his/her gross yearly income by supplying any of, but not limited to the following:
    - a. IRS Forms 1040, W-2, etc.;
    - b. Wage and Earnings Statement(s);
    - c. Last three (3) consecutive pay checks stubs for everyone in the household;

- d. Social Security Remittance; and
  - e. Workers Compensation Remittance
3. The income of all WSHD ICAP household members is considered in determining financial eligibility.
  4. Any applicant filing for ICAP who is not employed is expected to be actively seeking employment. If unable to work due to disability, he/she is expected to apply for disability or Medicaid benefits during the 180-day period of eligibility.
  5. Failure to provide information necessary to complete a financial assessment may result in a negative determination. However, an application may be reconsidered upon receipt of the required information.
- F. Applicant's Fiscal Year: The fiscal year is defined as the twelve (12) month period beginning with the applicant's acceptance into ICAP.
- G. Eligibility Renewable: An applicant once accepted into ICAP, services will be provided for twelve (12) full months or the dollar caps set forth in Section 8. Each applicant will be responsible for reapplying for benefits as required under this policy.

## V. SERVICES

- A. Basic Services: The services to be provided ICAP are the basic services required by Section 61.028 of the Indigent Health Care Act that include the following:
1. Physician services include services ordered and performed by a physician that within the scope of practice of their profession as defined by state law.
  2. Annual physical examinations once per calendar year by a physician or a physician assistant. Associated testing, such as mammograms, can be covered with a physician referral.
  3. Immunizations when appropriate.
  4. Medical screening services include blood pressure, blood sugar, and cholesterol screening.
  5. Laboratory and x-ray services ordered and provided under the personal supervision of a physician in a setting other than a hospital (inpatient or outpatient).
  6. Family planning services or preventive health care services that assist an individual in controlling fertility and achieving optimal reproductive and general health.
  7. Medically necessary Skilled Nursing Facility (SNF) services ordered by a physician, and provided in a SNF that provides daily services on an inpatient basis.

8. Prescriptions. This service includes up to three prescription drugs per month. New and refilled prescriptions count equally toward this three prescription drugs per month total. Drugs must be prescribed by a physician or other practitioner within the scope of practice under law.
  9. Rural Health Clinic services must be provided in a freestanding or hospital-based rural health clinic by a physician, a physician assistant, an advanced practice nurse, or a visiting nurse.
  10. Medically necessary inpatient hospital services provided in an acute care hospital to hospital inpatients, by or under the direction of a physician, and for the care and treatment of patients.
  11. Medically necessary outpatient hospital services must be and provided in an acute care hospital to hospital outpatients, by or under the direction of a physician, and must be diagnostic, therapeutic, or rehabilitative. Outpatient hospital services include hospital-based ambulatory surgical center (HASC) services.
  12. Winnie-Stowell Hospital District ICAP shall provide for prescription medications purchased from contract providers within the boundaries of the WSDH (See VIII D. Prescription Drug Information).
- B. Extended Healthcare Services: In addition to the Basic Service requirements set forth pursuant to Section 61.028 of the Texas Health and Safety Code, the WSHD may provide other established optional health care services that the WSHD determines to be cost-effective. The extended healthcare service(s) provide is(are):
1. Emergency Medical Services are defined as a medical services to whose purpose is to provide immediate assistance to a condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in: 1) placing the patient's health in serious jeopardy; 2) serious impairment of bodily functions; or serious dysfunction of any bodily organ or part.
- The Winnie Stowell EMS ("EMS") is the District's mandated provider for EMS services to patients in the District's HCAP. HCAP patients are to notify EMS, if possible, that their preferred destination is the Winnie Community Hospital. However, EMS is independently responsible in determining the most appropriate course of treatment and healthcare provider for the HCAP client as set forth by its policies and procedures for all transported patients, including HCAP client patients.
2. Psychological Counseling Services shall be available to residents of the District between the ages of twelve (12) and nineteen (19) years old who qualify to attend a school in the East Chambers Independent School District. The mandated provider for the counseling service shall be Stace D. Farrow MEd, LPC; Child, Adolescent, Family

& Individual Counseling Services.

C. Restrictions:

1. Basic Services: Winnie-Stowell Hospital District HCAP shall provide for inpatient services, only at the hospital and/or skilled nursing facility within the boundaries of the WSHD or owned by the WSHD.
2. Medically Necessary Inpatient and Outpatient Procedures-Section 5(B)(11) & (12):
  - a. Inside District: Medically necessary inpatient and/or outpatient procedures shall be performed at a hospital within the boundaries of the WSHD.
  - b. Outside District: Medically necessary inpatient and outpatient procedures that cannot be performed by a hospital or medical provider inside the WSHD boundaries may be treated outside of the District subject to the following requirements:
    - i. Procedure declared “medically necessary” by a healthcare provider inside the District’s boundaries;
    - ii. Procedure arranged by the WSHD Indigent Care Director, with consideration given toward healthcare provider’s recommendation;
    - iii. Procedure paid for by the WSHD subject to the rules set forth in this Policy; Chapter 61 of the Texas Health & Safety Code, and the Texas Administrative Rules; and
    - iv. Procedure performed after the Indigent Care Director notifies Indigent Care Committee.

D. Winnie-Stowell Hospital District ICAP shall not provide, nor be financially responsible for any other services no matter where nor by whom provided.

**VI. APPLICATION PROCEDURE**

A. The applicant shall be responsible for the completion and submission of an ICAP application. This application needs to be submitted to WSHD’s Agent:

Yani Jimenez  
Coordinator  
Winnie-Stowell Hospital District  
P. O. Box 1997,  
Winnie, Texas 77665  
Ph: 409-296-1003  
Fax 409-296-1003  
yjimenez@wshd-tx.com

B. An application will be considered complete only if it includes the following information:

1. The applicant's full name; physical address, mailing address;
2. The applicant's social security number;
3. Proof of income for the past three months to determine gross income;
4. The names and income of all other household members and their relationship to the applicant;
5. Information about all medical insurance, and hospital or health care benefits that household members may be eligible to receive;
6. Complete accurate information about the applicant and other household members gross income including all assets, property, and equity value of any vehicles or property;
7. Employment status of all individuals in household;
8. List of financial resources of all household members;
9. The applicant's signature and date completed;
10. List of qualified dependents; and
11. All needed verifications as requested, including authorizations to release information.

C. Incomplete Information

1. Incomplete applications, in any form or fashion, will be denied.
2. Denied applications may be appealed at any time a change in circumstances or conditions justify a re-determination of eligibility.
3. Person who intentionally misrepresents information to receive benefits that are not entitled to receive shall be responsible, to the fullest extent of the law, for the cost of those services received.

**VII. APPEALS PROCESS**

- A. Applicants have the right to appeal a denial of their application or eligibility.
- B. All appeals must be in writing and filed within ninety (90) days of a denial.
- C. In the event that the District and the Applicant cannot resolve the appeal, the District must submit a Form 106, Eligibility Dispute Resolution Request, within ninety (90)

days to the Texas Commission on Health and Human Services Commission.

- D. Appeals shall be submitted to the WSHD or the Agent of the WSHD, Yani Jimenez with the Winnie-Stowell Hospital District Indigent Health Care Department and state the reason(s) why the applicants should be considered eligible.
- E. The Chair of the Board of Directors of WSHD or his/her appointed designee serve as the Hearing Officer.
- E. The Hearing Office shall have the authority to hold an evidentiary hearing, or decide the case from the case file and documentation provided including any and all documents presented with the appeal.
- F. The Hearing Officer's decision is administratively final and non-appealable.
- G. Appellant will be notified in writing of the decision.
- H. Copies of all hearing decisions will be maintained for a period of one (1) year in the WSHD office.

#### **VIII. MAXIMUM HOSPITAL DISTRICT LIABILITY**

- A. To the extent the WSHD is financially able to do so, the maximum amount paid by WSHD to a ICAP recipient ("Client") for each Client's fiscal year for health care services provided by all assistance providers, including hospital care is:
  - 1. \$30,000; or
  - 2. The payment of 30 days of hospitalization or treatment in a skilled nursing facility, or both, or \$30,000, whichever occurs first, if the WSHD provides hospital or skilled nursing facility services to the resident.
- B. For claim payment to be considered, a claim should be received:
  - 1. Within 95 (ninety-five) days from the approval date for services provided before the household was approved or
  - 3. Within 95 (ninety-five) days from the date of service for services provided after the approval date.
- C. The payment standard is determined by the day the claim is paid. WSHD ICAP approved providers must dispense services and supplies.
- D. Prescriptions Drug Information
  - 1. WSHD prescription drug service includes a minimum of three medications per month regardless of the price of the medication, excluding experimental or cancer

medications. In the alternative, if a Client has more than three medications and the cost of the three medications is less than \$150.00, the WSHD will pay up to a total of \$150.00 for the Client's medications.

2. For example, if a Client has six prescriptions that need to be filled each month and three prescriptions cost \$25.00 each (or \$75.00 total), the Client would have \$75.00 left over each month to use on other prescriptions.
3. The quantity of drugs prescribed depends on the prescribing practice of the provider and the needs of the Client. However, each prescription is limited to a 30-day supply.
4. New and refilled medications count equally toward the three medications per month total. Drugs must be prescribed by a physician or other practitioner within the scope of practice under law.
5. The quantity of each prescription depends on the prescribing practice of the physician and the needs of the Client.

E. Basic and Extended Health Care Services do not Include Services and Supplies that:

1. Are provided to a Client before or after the time period that Client is eligible for the WSHD ICAP;
2. Are payable by or available under any health, accident, or other insurance coverage; by any private or governmental benefit system; by a legally liable third party, or under other contract;
3. Are provided by military medical facilities. Veterans Administration facilities, or United State public health service hospitals;
4. Are related to any condition covered under the worker's compensations laws or any other payor source.

**IX. PROCEDURE TO CHANGE ELIGIBILITY OR SERVICES PROVIDED:** Pursuant to Section 61.063 of the Health and Safety Code, WSHD may not change its eligibility standards to make the standards more restrictive and may not reduce the health care services it offers unless it complies with the requirements of this section:

- A. **Publish Notice of Intent to Change:** Post Notice in Newspaper ninety (90) days before the date on which a change would take effect. This notice of the proposed change must be published in a newspaper of general circulation in the hospital's service area and set a date for a public hearing on the change. The published notice must include the date, time, and place of the public meeting. The notice is in addition to the notice required by Chapter 551, Government Code.
- B. **Public Hearing:** The WSHD shall have a public hearing no later than the 30th day before the date on which the change would take effect. The meeting must be held at a

convenient time in a convenient location in the hospital's service area. Members of the public may testify at the meeting.

- C. Formally Adopt Policy Change: If, based on the public testimony and on other relevant information, the WSHD's Board finds that the change would not have a detrimental effect on access to health care for the residents the WSHD serves; the WSHD may adopt the change. This finding must be formally adopted.

**X. RESOURCES:** To find out more about the State of Texas's Indigent Health Program, please view the following links:

- A. Program Guide: <https://www.dshs.state.tx.us/topicrelatedcontent.aspx?itemsid=759>
- B. Q & A Indigent Program: [https://www.dshs.state.tx.us/cihcp/FAQ/cihcp\\_faq.shtm](https://www.dshs.state.tx.us/cihcp/FAQ/cihcp_faq.shtm)
- C. State Eligibility Criteria: <https://www.dshs.state.tx.us/cihcp/eligibility.shtm>
- D. Application: [https://www.dshs.state.tx.us/CIHCP/Program\\_Handbook/Revision\\_04-4/Forms\\_04-4/Formspg\\_04-4.shtm](https://www.dshs.state.tx.us/CIHCP/Program_Handbook/Revision_04-4/Forms_04-4/Formspg_04-4.shtm)
- E. Texas Benefits (assist with eligibility): <https://www.yourtexasbenefits.com>
- F. Medicare Benefits: <http://www.benefits.gov/ssa>
- G. Chapter 61 Indigent Health Care Act:  
<http://www.statutes.legis.state.tx.us/Docs/HS/htm/HS.61.htm>



County	Hospital	Address	Inpatient Rates	Outpatient Rates	Hospital SDA
Chambers	Bayside Community Hosp	200 Hospital Dr Anahuac, TX 77514	100%	71%	\$3,856.69
	Winnie Community Hospital	538 Broadway Winnie, TX 77665	76%	65%	\$3,101.52
Cherokee	East Texas Medical Center	501 S Ragsdale St Jacksonville, TX 75766	20%	16%	\$3,550.86
	Mother Frances Hospital	2026 S Jackson Jacksonville, TX 75766	29%	35%	\$3,719.51
Childress	Childress Regional Medical	901 Hwy 83 N Childress, TX 79201	67%	33%	\$3,022.81
Clay	Clay County Memorial Hospital	310 W South St Henrietta, TX 76365	88%	57%	\$2,018.31
Cochran	Cochran Memorial Hospital	201 East Grant Morton, TX 79346	90%	100%	\$3,653.47
Coleman	Coleman County Medical	310 South Pecos Coleman, TX 76834	45%	39%	\$2,676.09
Collin	Baylor Regional Medical Center	4700 Alliance Blvd Plano, TX 75093	38%	22%	\$3,794.70
	Centennial Medical Center	12505 Lebanon Rd Frisco, TX 75035	28%	16%	\$3,947.12
	Columbia Medical Center	4500 Medical Center Dr McKinney, TX 75069	19%	11%	\$3,436.11
	Columbia Medical Center	3901 W 15th St Plano, TX 75075	25%	12%	\$4,477.42
	Frisco Medical Center	5601 Warren Parkway Frisco, TX 75034	39%	26%	\$3,392.99
	Plano Specialty Hospital	1621 Coit Rd Plano, TX 75075	80%	80%	\$3,653.47
	Presbyterian Hospital of Allen	1105 Central Expy N Allen, TX 75013	42%	26%	\$3,615.21
	Presbyterian Hospital of Plano	6200 West Parker Rd Plano, TX 75093	41%	27%	\$3,465.91
	Presbyterian Plano Center For Diagnostcs	6020 West Parker Rd Plano, TX 75093	42%	61%	\$4,014.09
	The Heart Hospital Baylor – Plano	1100 Allied Drive Plano, TX 75093	41%	49%	\$4,735.91
Collingsworth	Collingsworth General	1013 15th St Wellington, TX 79095	100%	46%	\$2,731.81
Colorado	Colorado-Fayette Medical	400 Youens Dr Weimar, TX 78962	58%	47%	\$2,421.63
	Columbus Community Hospital	110 Shult Dr Columbus, TX 78934	80%	57%	\$2,264.42
	Rice Medical Center	600 S Austin Rd Eagle Lake, TX 77434	100%	93%	\$3,242.56

# Exhibit “E-1”

## **AGREEMENT FOR HEALTHCARE PROVIDERS- YOUTH COUNSELING**

This Independent Contractor Agreement (“Agreement”) is made effective the 10th day of January 2018, between Winnie Stowell Hospital District, a political entity of the State of Texas (hereinafter referred to as “District”) and Stace D. Farrow MEd, LPC; Child, Adolescent, Family & Individual Counseling Services (hereinafter referred to as “Provider”).

In consideration of the mutual promises herein contained, the parties agree as follows:

1. **Services.** Provider agrees to:

- Provide professional counseling services to residents of the District, as set forth in the District’s Indigent Healthcare Policy & Procedure Statement, between the ages of twelve (12) and nineteen (19) years old who qualify to attend a school in the East Chambers Independent School District.
- Perform such services, at all times, in strict accordance with currently approved and accepted methods and practices in her profession.
- Provide services in a professional, timely and competent manner, and to comply with all applicable procedures, policies, and requirements of District, including, but not limited to establishing a process to document clients and to verify residency requirements of the children receiving services pursuant to this agreement.
- Provide HIPPA compliant monthly and annual reports of the number of patients that received services provided for in this Agreement; amount of time spent with each patient; program evaluation; and budget status.
- Provide such services as may be requested by District and as needed to discharge the duties and obligations of this Agreement.

2. **Contract Rate.** Provider shall be compensated for services performed under this Agreement in the amount of \$85.00 per hour. Provider shall be paid only for work actually performed by Provider under the terms of this Agreement, and Provider shall not be entitled to any additional compensation or other benefits of any kind.

3. **Billing.** Provider shall invoice District each month, which invoice shall be due and payable 30 days from receipt. Invoices should be sent to the following District individual by way of first class mail or electronic mail (i.e., e-mail):

Sherrie Norris, District Administrator  
P.O. Box 1975  
Winnie, Texas 77665  
or


E-mail: [Sherrie@wshd-tx.com](mailto:Sherrie@wshd-tx.com)

4. **Term.** This Agreement shall be effective for a term of one (1) year beginning on January 10th, 2018, unless terminated earlier in accordance with this Agreement. Thereafter, the contract may be extended on an annual basis if approved by the District's Board as part of its proposed budget adopted at the December regular meeting.
5. **Termination.** Either party may terminate this Agreement by providing thirty (30) days prior, written notice to the other party at any time. Additionally, either party may terminate this Agreement immediately as a result of a breach of any of the provisions or terms of this Agreement by the other party if the breaching party fails, after ten (10) days written notice, to cure such breach to the reasonable satisfaction of the non-breaching party. District may terminate this Agreement immediately if any of the representations of Provider in paragraphs 3, 4 or 8 of this Agreement become untrue.
6. **Independent Contractor.** Provider agrees to provide the professional services described herein as an independent contractor. It is mutually understood and agreed that Provider is at all times acting and performing these duties and functions in the capacity of an independent contractor; that District shall neither have nor exercise any control or direction over the methods by which Provider performs his or her services, nor shall District and Provider be deemed partners. District shall have the right to determine what services shall be provided, but not the manner in which services shall be provided. It is expressly agreed by the parties hereto that no work, act, commission or omission by Provider pursuant to the terms and conditions of this Agreement shall be construed to make or render Provider the agent, employee or servant of District. Provider shall be responsible for the payment of all federal, state, and local taxes incurred as a result of this Agreement, and further agrees to indemnify and hold District harmless from the same.
7. **Licensure and Professional Liability Insurance.** As a condition of this Agreement, the Provider shall maintain all applicable licenses and certification requirements and shall at all times during the term of this Agreement, meet all requirements of the State of Texas or other regulatory entity for such licensing, certification or credentialing. Provider shall maintain in force throughout the term of this Agreement such policies of professional liability insurance as shall be required to qualify Provider for coverage under the State of

Texas Medical Malpractice statutes, and to insure Provider against any claim or claims for damage arising by reason of personal injuries or death occasioned directly or indirectly in connection with the performance or any service provided hereunder in such amount as shall be required from time to time under the statute. Provider shall demonstrate 2 proof of such insurance coverage by providing District with the applicable certificate or policy.

8. **Representations of Provider.** Provider represents and warrants that, except as previously disclosed in writing to District, the following are true with respect to each Provider (if applicable):
  - A. Provider's license or certification in any state has never been suspended, revoked, restricted, or deemed to be probationary;
  - B. Provider has never been reprimanded, sanctioned, or disciplined by any licensing or accrediting board;
  - C. There has never been entered against Provider a final judgment in a professional liability action and no action, based on an allegation of professional liability or malpractice by the Provider has ever been settled by payment to the plaintiff;
  - D. Provider has never been denied membership or reappointment of membership on the medical staff of any hospital, and no clinical privileges of the Provider have ever been suspended, curtailed, or revoked; and
  - E. As of the date hereof, Provider has not been the subject of any report or disclosure submitted to the National Practitioner Data Bank.
9. **Compliance with Laws.** Provider agrees to comply with all federal and state laws or regulations applicable to the services to be provided under this Agreement. The parties further agree that they will protect and secure the privacy and confidentiality of patient information and will comply with the requirements contained in the attached Business Associate Agreement. (*See Exhibit "A"*).
10. **Debarment.** Provider represents and warrants that Provider has never been sanctioned by the State of Texas or barred from any federal or state procurement programs, or convicted of a criminal offense with respect to health care reimbursement. Provider shall notify District immediately if the foregoing representation becomes untrue, or if Provider is notified by the State of Texas or other enforcement agencies that an investigation has begun which could lead to such sanction, debarment, or conviction.
11. **Confidentiality.** The parties hereby acknowledge and agree that the terms of this Agreement shall be kept confidential and that neither party shall disclose matters related to this Agreement without the expressed written consent of the other party, unless required to disclose such information by statute, regulation or court order. In addition, during the term

of this Agreement, each of the parties hereto may receive intentionally or unintentionally certain proprietary and confidential information (which may include confidential medical information and records) not otherwise a part of public domain through no fault of a party hereto (“Proprietary Information”), the disclosure of which would be extremely detrimental to the business affairs of the other. Therefore, each of the parties hereto (for itself and its employees, agents and representatives) agrees to keep the Proprietary Information of the other in the strictest confidence and each agrees not to duplicate any Proprietary Information of the other and not to directly or indirectly divulge, disclose, reveal, report or transfer such Proprietary Information without the prior written consent of the other. This provision shall survive the termination of this Agreement.

12. **Indemnity.** PROVIDER AGREES TO INDEMNIFY AND HOLD HARMLESS DISTRICT, ITS EMPLOYEES, OFFICERS, AGENTS AND REPRESENTATIVES FROM AND AGAINST ANY LOSSES, COSTS, DAMAGES, AND EXPENSES RESULTING FROM ANY AND ALL CLAIMS ARISING OUT OF THE PROVIDER’S SERVICES UNDER THIS AGREEMENT. \_\_\_\_ (Initial) 

13. **Notice.** Any notice required to be provided to any party to this Agreement shall be considered effective as of the date an electronical mail (i.e., e-mail) was sent; or the date deposit with the United States Postal Service by certified or registered mail, postage prepaid, return receipt and addressed to the party at the following address:

If to Provider:

Stace D. Farrow MEd, LPC  
Child, Adolescent, Family & Individual Counseling Services  
714 Campbell Road  
Winnie, Texas 77665  
E-mail: scdfarrow@icloud.com

If to District:

Winnie-Stowell Hospital District  
c/o Sherrie Norris  
P.O. Box 1975  
Winnie, Texas 77665  
E-mail: sherrie@wshd-tx.com

14. **Governing Law and Venue.** The validity, construction and effect of this Agreement, and all extensions and modifications thereof, shall be construed in accordance with the laws of the State of Texas without regard to its choice of law rules, and Chambers County, Texas shall be the exclusive venue for any suit, litigation or alternate dispute resolution brought pursuant to this Agreement.
15. **Dispute Resolution and Waiver of Jury Trial.** Prior to the commencement of a lawsuit by either party to this agreement, the Parties agree to mediate any dispute that may arise resulting from this Agreement or services provided. In the event that the Parties to this Agreement are not able to resolve their differences at mediation, the Parties agree to waive their right to a jury trial and have the dispute decided on by a District Court judge in Chambers, County, Texas.
16. **Medical Records.**
  - A. Provider agrees to complete all required charting in the medical record in a prompt and timely manner and in accordance with any applicable policies and procedure of required by the requisite licensing agency and the District. A copy of the District's Document Retention Policy is set forth in **Exhibit "B"**.
  - B. The ownership and right of control of all reports, records and supporting documents prepared in connection with the services contemplated herein shall vest exclusively with District and shall remain, at all times, at the District's office; provided, however, that Provider shall have such right of access to such reports, records and supporting documentation as necessary for the provision of professional services hereunder.
17. **No Assignment.** Neither this Agreement nor any rights or obligations hereunder shall be assigned by either party without the prior written consent of the non-assigning party.
18. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with respect to the matters contained herein, and supersedes any and all other discussions, statements and understandings regarding such matters. This Agreement shall be amended only upon the execution of a written agreement by both parties hereto. Any attempt to amend or modify this Agreement in any manner other than by written instrument executed by the parties shall be void.
19. **No Third Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or permitted assigns of the parties, any rights, remedies, obligations, or liabilities whatsoever.

20. **Miscellaneous.**

- A. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.
- B. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by either party, or anyone acting on behalf of either party, which are not embodied herein, and that no other arrangement, statement or promise not contained in this Agreement shall be valid or binding.
- C. In addition to those remedies provided for herein, both parties shall have available all remedies provided by law.

**IN WITNESS WHEREOF**, the parties have caused their duly authorized representatives to execute this Agreement.

WINNIE STOWELL HOSPITAL		STACE D. FARROW MED, LPC
_____		_____
Signed		Signed
_____		_____
Printed		Printed



**Exhibit “A”**  
**Business Associate Agreement**

**Exhibit “B”**  
**WSHD Document Retention Policy**

# Exhibit “E-2”

## **HIPAA BUSINESS ASSOCIATE AGREEMENT**

This HIPAA Business Associate Agreement is made the 10th day of January, 2018, ("Effective Date"), by and between Stace D. Farrow MEd, LPC; Child, Adolescent, Family & Individual Counseling Services ("Covered Entity") and Winnie Stowell Hospital District, a political subdivision of the State of Texas ("Business Associate" or "District").

### **ARTICLE 1** **Applicability**

- 1.1 Business Associate has entered into a Service Agreement dated January 10th, 2018 to allow the Covered Entity to provide counseling services to any child that that resides in the District and is qualified to attend school within the East Chambers Independent School District. During the course of the performance of such services, Business Associate may have access to certain individually identifiable health information maintained by Covered Entity. This Agreement applies to all present and future contracts and relationships between Covered Entity and Business Associate, written or unwritten, formal or informal, in which Covered Entity provides any Protected Health Information to Business Associate in any form whatsoever. As of the Effective Date, this Agreement automatically amends all existing agreements between Business Associate and Covered Entity involving the use or disclosure of Protected Health Information, including the Main Agreement. This Agreement shall automatically be incorporated in all subsequent agreements between Business Associate and Covered Entity involving the use or disclosure of Protected Health Information, in which a business associate relationship exists, whether or not specifically referenced therein. In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other agreement between Business Associate and Covered Entity, the provisions of this Agreement shall control unless Covered Entity specifically agrees to the contrary in writing.
- 1.2 Business Associate acknowledges that the provisions of the Federal Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") of 2009 imposes certain privacy and security obligations on Business Associate under the HITECH Act and under existing privacy and security standards at 45 Code of Federal Regulations Parts 160 and 164, as amended.

### **ARTICLE 2** **Terms Used in this Agreement**

- 2.1 "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules adopted pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended by Federal Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") of 2009, and codified at 45 Code of Federal Regulations Parts 160 and 164.

- 2.2 “Privacy Rule” shall mean those rules and standards in 45 CFR Part 164, Subpart E.
- 2.3 “Security Rule” shall mean those rules and standards in 45 CFR Part 164, Subpart C.
- 2.4 “Breach Notification Rule” shall mean those rules and standards in 45 CFR Part 164, Subpart D.
- 2.5 “Business Associate” shall generally have the same meaning as the term “Business Associate” at 45 CFR 160.103, and in this Agreement shall mean Winnie Stowell Hospital District, a political entity of the State of Texas, and its directors, officers, employees, contractors and agents.
- 2.6 “Covered Entity” shall generally have the same meaning as the term “covered entity” at 45 CFR 160.130, and in this Agreement shall mean Winnie Community Hospital, and its directors, officers, employees, volunteers, and contractors.
- 2.7 Catch-All Definition. The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Protected Health Information, Required by Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.
- 2.8 Capitalized terms used but not otherwise defined in this Agreement shall have the same meaning as those terms in the HIPAA Rules.

**ARTICLE 3**  
**Obligations of Business Associate**

- 3.1 Obligations. Business Associate agrees to:
  - 3.1.1 Not use or disclose protected health information other than as permitted or required by the Agreement or as required by law;
  - 3.1.2 Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as provided for by the Agreement;
  - 3.1.3 Report to Covered Entity any use or disclosure of protected health information not provided for by the Agreement of which it becomes aware, including breaches of unsecured protected health information as required at 45 CFR 164.410, and any security incident of which it becomes aware;
  - 3.1.4 In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of the Business Associate agree to the same

restrictions, conditions, and requirements that apply to the Business Associate with respect to such information;

- 3.1.5 Make available protected health information in a designated record set to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.524;
- 3.1.6 Make any amendment(s) to protected health information in a designated record set as directed or agreed to by the Covered Entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 CFR 164.526;
- 3.1.7 Maintain and make available the information required to provide an accounting of disclosures to the Covered Entity as necessary to satisfy Covered Entity's obligations under 45 CFR 164.528;
- 3.1.8 To the extent the Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s); and
- 3.1.9 Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

### 3.2 Permitted Uses and Disclosures by Business Associate.

- 3.2.1 Business Associate may only use or disclose protected health information as necessary to perform the services set forth in Agreement.
- 3.2.2 Business Associate may use or disclose protected health information as required by law.
- 3.2.3 Business Associate agrees to make uses and disclosures and requests for protected health information consistent with Covered Entity's minimum necessary policies and procedures.
- 3.2.4 Business Associate may not use or disclose protected health information in a manner that would violate Subpart E of 45 CFR Part 164 if done by Covered Entity.
- 3.2.5 Business Associate may use protected health information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- 3.2.6 Business Associate may disclose protected health information for the proper

management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

- 3.2.7 Business Associate may provide data aggregation services relating to the health care operations of the Covered Entity.

#### **ARTICLE 4**

##### **Privacy Practices and Restrictions**

- 4.1 Covered Entity shall notify Business Associate of any limitation(s) in the notice of privacy practices of covered entity under 45 CFR 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of protected health information.
- 4.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose his or her protected health information, to the extent that such changes may affect Business Associate's use or disclosure of protected health information.
- 4.3 Covered Entity shall notify Business Associate of any restriction on the use or disclosure of protected health information that Covered Entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of protected health information.

#### **Article 5**

##### **Permissible Requests by Covered Entity**

- 5.1 Covered Entity shall not request Business Associate to use or disclose protected health information in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by Covered Entity.

#### **Article 6**

##### **Term and Termination**

- 6.1 Term. The Term of this Agreement shall begin upon the Effective Date and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or if it is infeasible to return or destroy Protected Health Information, protections are extended to such information.

- 6.2 Destruction of PHI. At the termination of the Agreement for whatever reason, Business Associate agrees to return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity and will not retain any copies. If return or destruction is not feasible, Business Associate agrees to an extension of the protections of this Agreement for as long as necessary to protect Covered Entity's Protected Health Information and to limit further uses and disclosures to those purposes that make the return or destruction of Covered Entity's Protected Health Information unfeasible.
- 6.3 Consequences of Breach by Business Associate. On Covered Entity's learning of a material breach of this Agreement by Business Associate, Covered Entity shall provide an opportunity for Business Associate to cure the breach or end the violation. If Business Associate does not cure the breach or end the violation within fourteen (14) days of being notified by Covered Entity, or if cure or ending the violation is not possible, Covered Entity may terminate this Agreement and those portions of the Main Agreement that involve the disclosure to Business Associate of Covered Entity's Protected Health Information, or, if non-severable, the Main Agreement.

**ARTICLE 7**  
**Miscellaneous**

- 7.1 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with HIPAA and its applicable implementing regulation.
- 7.2 Notices. All notices pursuant to this Agreement must be given in writing and shall be effective when received if hand-delivered or sent by facsimile or upon dispatch if sent by a reputable overnight delivery service or by U.S. Mail, certified, return receipt requested and addressed as follows:

To Covered Entity:

Stace D. Farrow MEd, LPC  
Child, Adolescent, Family & Individual Counseling Services  
714 Campbell Road  
Winnie, Texas 77665  
E-mail: scdfarrow@icloud.com

To Business Associate:

Winnie-Stowell Hospital District  
c/o Sherrie Norris  
P.O. Box 1975  
Winnie, Texas 77665



E-mail: [sherrie@wshd-tx.com](mailto:sherrie@wshd-tx.com)

- 7.3 Change in Law. On the enactment of any federal law or regulation, or law or regulation of any state to whose jurisdiction Covered Entity is subject, affecting the use or disclosure of Covered Entity's Protected Health Information, or on the publication of any decision of a court of the United States or of any state to whose jurisdiction Covered Entity is subject relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, Covered Entity may, by written notice to Business Associate, amend this Agreement in such manner as Covered Entity determines necessary to comply with such law or regulation. If Business Associate disagrees with any such amendment, it shall so notify Covered Entity in writing within thirty (30) days of receipt of Covered Entity's notice. If the parties are unable to agree on an amendment within thirty (30) days thereafter, either of them may terminate this Agreement and those portions of the Agreement that involve the disclosure to Business Associate of Covered Entity's Protected Health Information, or, if nonseverable, the Agreement by written notice to the other.
- 7.4 Jurisdiction and Venue. This Agreement is governed by the laws of the State of Texas and the federal government. Venue shall be in Chambers County, Texas.
- 7.5 Severability. In the event that any provision of this Agreement violates any applicable statute, ordinance or rule of law in any jurisdiction that governs this Agreement, such provision shall be ineffective to the extent of such violation without invalidating any other provision of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the Effective Date.

**COVERED ENTITY:**

By: \_\_\_\_\_

Printed: Stace D. Farrow MEd, LPC

**BUSINESS ASSOCIATE:**

By: \_\_\_\_\_  
WINNIE-STOWELL HOSPITAL DISTRICT  
Printed: Edward Murrell  
Title: President

# Exhibit “F-1”

**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF CYFAIR, L.L.C., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

2. The definition of “Net Supplement Payment” in the Agreement is deleted in its entirety and the following is substituted therefor:

“Net Supplemental Payment” means payments to Manager by the Hospital District equal to 50 percent of the difference between QIPP Supplemental Payments minus Lapsing Quality Funds (subject to any necessary adjustment to accomplish the goals of the flow of funds contained in Exhibit D), plus 50% of any Lapsing Quality Funds.

3. Paragraph 5.3.3 of the Agreement is hereby deleted in its entirety and the following is substituted therefor:

5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

4. Exhibit D to the Agreement is deleted in its entirety and the attached is substituted therefor.

5. The parties hereto represent and warrant to each other, which representations and warranties shall survive the execution and delivery hereof, that this Second Amendment constitutes the legal, valid and binding obligation of each such party, enforceable against such party in accordance with its terms.

6. Except as modified by this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and confirmed (giving legal effect to this Second Amendment).

7. This Second Amendment is binding on and enforceable by and against the parties hereto and their successors and permitted assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall when taken together constitute one agreement. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes. The Recitals hereto are hereby incorporated into this Second Amendment by this reference thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF CYFAIR, L.L.C.

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman



**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF CONROE, LLC., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

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“Net Supplemental Payment” means payments to Manager by the Hospital District equal to 50 percent of the difference between QIPP Supplemental Payments minus Lapsing Quality Funds (subject to any necessary adjustment to accomplish the goals of the flow of funds contained in Exhibit D), plus 50% of any Lapsing Quality Funds.

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5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

4. Exhibit D to the Agreement is deleted in its entirety and the attached is substituted therefor.

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6. Except as modified by this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and confirmed (giving legal effect to this Second Amendment).

7. This Second Amendment is binding on and enforceable by and against the parties hereto and their successors and permitted assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall when taken together constitute one agreement. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes. The Recitals hereto are hereby incorporated into this Second Amendment by this reference thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF CONROE, LLC

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman





**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF CYPRESS STATION, LLC., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

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“Net Supplemental Payment” means payments to Manager by the Hospital District equal to 50 percent of the difference between QIPP Supplemental Payments minus Lapsing Quality Funds (subject to any necessary adjustment to accomplish the goals of the flow of funds contained in Exhibit D), plus 50% of any Lapsing Quality Funds.

3. Paragraph 5.3.3 of the Agreement is hereby deleted in its entirety and the following is substituted therefor:

5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

4. Exhibit D to the Agreement is deleted in its entirety and the attached is substituted therefor.

5. The parties hereto represent and warrant to each other, which representations and warranties shall survive the execution and delivery hereof, that this Second Amendment constitutes the legal, valid and binding obligation of each such party, enforceable against such party in accordance with its terms.

6. Except as modified by this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and confirmed (giving legal effect to this Second Amendment).

7. This Second Amendment is binding on and enforceable by and against the parties hereto and their successors and permitted assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall when taken together constitute one agreement. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes. The Recitals hereto are hereby incorporated into this Second Amendment by this reference thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF CYPRESS STATION, LLC

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman



**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF HUMBLE, LLC., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

2. The definition of “Net Supplement Payment” in the Agreement is deleted in its entirety and the following is substituted therefor:

“Net Supplemental Payment” means payments to Manager by the Hospital District equal to 50 percent of the difference between QIPP Supplemental Payments minus Lapsing Quality Funds (subject to any necessary adjustment to accomplish the goals of the flow of funds contained in Exhibit D), plus 50% of any Lapsing Quality Funds.

3. Paragraph 5.3.3 of the Agreement is hereby deleted in its entirety and the following is substituted therefor:

5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

4. Exhibit D to the Agreement is deleted in its entirety and the attached is substituted therefor.

5. The parties hereto represent and warrant to each other, which representations and warranties shall survive the execution and delivery hereof, that this Second Amendment constitutes the legal, valid and binding obligation of each such party, enforceable against such party in accordance with its terms.

6. Except as modified by this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and confirmed (giving legal effect to this Second Amendment).

7. This Second Amendment is binding on and enforceable by and against the parties hereto and their successors and permitted assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall when taken together constitute one agreement. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes. The Recitals hereto are hereby incorporated into this Second Amendment by this reference thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF HUMBLE, LLC

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman



**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF QUAIL VALLEY, LLC., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

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3. Paragraph 5.3.3 of the Agreement is hereby deleted in its entirety and the following is substituted therefor:

5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

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[Signature Pages Follow]



IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF QUAIL VALLEY, LLC

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman



**SECOND AMENDMENT TO  
MANAGEMENT AGREEMENT**

This Second Amendment to Management Agreement (this “Second Amendment”) dated as of September 1, 2017, is by and among HMG PARK MANOR OF WESTCHASE, LLC., a Texas limited liability company (“Manager”) and WINNIE-STOWELL HOSPITAL DISTRICT, a governmental entity and political subdivision of the State of Texas organized pursuant to Tex. Const. Art. IX, §9 and Chapter 286 of the Health and Safety Code, as amended (“Hospital District”).

**RECITALS:**

WHEREAS, Manager and Hospital District are parties to the Management Agreement dated as of February 28, 2017, which was amended by that certain First amendment to Management Agreement dated as of April 3, 2017 (the “Agreement”).

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Words whose initial letters are capitalized are defined terms. When used in this this Second Amendment such terms shall have the meaning assigned to them in the context of this Second Amendment or, if not defined in this Second Amendment, the same meaning as that assigned to such defined terms by the Agreement.

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3. Paragraph 5.3.3 of the Agreement is hereby deleted in its entirety and the following is substituted therefor:

5.3.3 Notwithstanding anything herein to the contrary, attached as Exhibit D to this Agreement is an illustration, using hypothetical assumptions, of the manner that QIPP Supplemental Payments, the IGT User Fee and the amount of all IGT Payments paid by the Hospital District to the State of Texas will be distributed, determined and calculated.

4. Exhibit D to the Agreement is deleted in its entirety and the attached is substituted therefor.

5. The parties hereto represent and warrant to each other, which representations and warranties shall survive the execution and delivery hereof, that this Second Amendment constitutes the legal, valid and binding obligation of each such party, enforceable against such party in accordance with its terms.

6. Except as modified by this Second Amendment, the Agreement, as amended by the First Amendment, is hereby ratified and confirmed (giving legal effect to this Second Amendment).

7. This Second Amendment is binding on and enforceable by and against the parties hereto and their successors and permitted assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall when taken together constitute one agreement. A signature hereto sent or delivered by facsimile or other electronic transmission shall be as legally binding and enforceable as a signed original for all purposes. The Recitals hereto are hereby incorporated into this Second Amendment by this reference thereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this First Amendment as of the date first written above.

HMG PARK MANOR OF WESTCHASE, LLC

By: \_\_\_\_\_  
Laurence C. Daspit, Chief Financial Officer

WINNIE-STOWELL HOSPITAL DISTRICT

By: \_\_\_\_\_  
Edward Murrell, Board Chairman



# Exhibit “F-2”

**Exhibit B to Amended and Restated Management Agreement**

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	January	Month 9	Month 10	April	Month 12	
<b>QIPP IGT (Months 1-12)</b>									Month 8			Month 11		
IGT Payout Lookup	0	0	0	0	0	1	1	1	1	1	1	0	0	
Supplemental Payout Lookup	0	0	0	0	0	0	0	0	1	0	0	1	0	
110% IGT Out	(\$4,775,588.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Component 1														
Month 1 Component 1 Payment						\$722,546.52	\$17,908.46	\$25,549.40	\$10,904.26	\$6,208.26	\$3,900.06	\$2,626.57	\$1,671.46	
Month 2 Component 1 Payment						\$0.00	\$722,546.52	\$17,908.46	\$25,549.40	\$10,904.26	\$6,208.26	\$3,900.06	\$2,626.57	
Month 3 Component 1 Payment						\$0.00	\$0.00	\$722,546.52	\$17,908.46	\$25,549.40	\$10,904.26	\$6,208.26	\$3,900.06	
Month 4 Component 1 Payment						\$0.00	\$0.00	\$0.00	\$722,546.52	\$17,908.46	\$25,549.40	\$10,904.26	\$6,208.26	
Month 5 Component 1 Payment						\$0.00	\$0.00	\$0.00	\$0.00	\$722,546.52	\$17,908.46	\$25,549.40	\$6,208.26	
Month 6 Component 1 Payment						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$722,546.52	\$17,908.46	\$6,208.26	
Total Component 1 Payments	\$0.00	\$0.00	\$0.00	\$0.00		\$722,547.52	\$740,455.98	\$766,005.38	\$776,910.64	\$783,117.90	\$787,017.97	\$67,098.02	\$6,208.26	
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$1,647,841.32	\$0.00	\$0.00	\$1,647,841.32	\$0.00	
Payments to Nursing Homes														
Nursing Home 1/2 of 110% IGT Return	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$33,549.01)	(\$25,430.01)	
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$823,920.66)	\$0.00	\$0.00	(\$724,154.36)	\$0.00	
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$73,383.81)	(\$55,475.35)	(\$29,925.95)	\$804,899.97	(\$12,813.43)	(\$8,913.37)	\$957,235.97	\$25,430.01	
<b>QIPP IGT (Months 12-24)</b>		Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
IGT Payout Lookup	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplemental Payout Lookup	0	0	0	0	0	0	0	0	0	0	0	0	0	0
110% IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Component 1														
Month 1 Component 1 Payment	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$79.59	\$159.19	\$79.59	\$0.00	\$0.00	\$0.00
Month 2 Component 1 Payment	\$2,626.57	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$79.59	\$159.19	\$79.59	\$0.00	\$0.00
Month 3 Component 1 Payment	\$3,900.06	\$2,626.57	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$79.59	\$159.19	\$79.59	\$0.00
Month 4 Component 1 Payment	\$6,208.26	\$3,900.06	\$2,626.57	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$79.59	\$159.19	\$0.00
Month 5 Component 1 Payment	\$10,904.26	\$6,208.26	\$3,900.06	\$2,626.57	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$79.59	\$0.00
Month 6 Component 1 Payment	\$25,549.40	\$10,904.26	\$6,208.26	\$3,900.06	\$2,626.57	\$1,671.46	\$1,193.90	\$875.52	\$716.34	\$557.15	\$397.97	\$318.37	\$159.19	\$0.00
Total Component 1 Payments	\$50,860.02	\$26,504.52	\$16,475.78	\$10,983.85	\$7,640.94	\$5,413.22	\$4,059.25	\$3,024.54	\$2,228.61	\$1,671.46	\$1,193.90	\$795.93	\$477.56	\$0.00
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$347,315.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payments to Nursing Homes														
Nursing Home 1/2 of 110% IGT Return	(\$25,430.01)	(\$13,252.26)	(\$8,237.89)	(\$5,491.93)	(\$3,820.47)	(\$2,706.17)	(\$2,029.63)	(\$1,512.27)	(\$1,114.30)	(\$835.73)	(\$596.95)	(\$397.97)	(\$238.78)	\$0.00
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	(\$173,657.76)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$25,430.01	\$13,252.26	\$8,237.89	\$5,491.93	\$177,478.23	\$2,706.17	\$2,029.63	\$1,512.27	\$1,114.30	\$835.73	\$596.95	\$397.97	\$238.78	\$0.00
<b>QIPP IGT (Months 25-26)</b>		Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total
IGT Payout Lookup	0	0	0	0	0	0	0	0	0	0	0	0	0	
Supplemental Payout Lookup	0	0	0	0	0	0	0	0	0	0	0	0	0	
110% IGT Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,775,588.00)
Component 1														
Month 1 Component 1 Payment	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Month 2 Component 1 Payment	\$0.00	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Month 3 Component 1 Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Month 4 Component 1 Payment	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Month 5 Component 1 Payment	\$159.19	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Month 6 Component 1 Payment	\$79.59	\$159.19	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795,931.40
Total Component 1 Payments	\$318.37	\$238.78	\$159.19	\$79.59	\$79.59	\$79.59	\$79.59	\$79.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,775,588.40
IGT Reconciliation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$86,828.88	\$0.00	\$0.00	\$0.00	\$434,144.40
Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Unknown
Payments to Nursing Homes														
Nursing Home 1/2 of 110% IGT Return	(\$159.19)	(\$119.39)	(\$79.59)	(\$39.80)	(\$39.80)	(\$39.80)	(\$39.80)	(\$39.80)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$99,770.50)
Nursing Home IGT Reconciliation Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$43,414.44)	\$0.00	\$0.00	\$0.00	(\$217,072.20)
Nursing Home Qtrly Supplemental Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,548,075.02)
	\$159.19	\$119.39	\$79.59	\$39.80	\$39.80	\$39.80	\$39.80	\$39.80	\$0.00	\$43,414.44	\$0.00	\$0.00	\$0.00	\$1,864,917.72

Hubert:  
Difference bw 1/6 of the IGT (i.e., \$795,931.00) less what was paid back to the District.

Hubert:  
From this month until month 32, the extra 110% IGT return funds will be split evenly.

Hubert:  
IGT reconciliation payments to be split evenly.

Hubert:  
This is half the Qtr. Payment less 1/2 of the amount unrecovered 110% IGT.

# Exhibit “G”

**BENCKENSTEIN & OXFORD, L.L.P.**

ATTORNEYS AT LAW  
BBVA COMPASS BANK BUILDING  
3535 CALDER AVENUE, SUITE 300  
BEAUMONT, TEXAS 77706  
TELEPHONE: (409) 833-9182  
TELEFAX: (409) 833-8819

Hubert Oxford, IV

hoxfordiv@benoxford.com

January 11, 2018

**Via USPS First Class**

State and Local Records Management Division  
Texas State Library and Archives Commission  
P.O. Box 12927  
Austin, Texas 78711-2927

Re: Winnie Stowell Hospital District Document Retention Program

Dear Sir or Madam,

Enclosed please find copies of the following records being submitted on behalf of Winnie Stowell Hospital District:

1. Amended Order Establishing Records Management Program;
2. Designation of Local Government Records Management Officer; and,
3. Declaration of Compliance.

Should you have any questions or require additional information, please contact us to discuss further.

Sincerely,

**BENCKENSTEIN & OXFORD, L.L.P.**

By: \_\_\_\_\_  
Hubert Oxford, IV

HOIV  
Enclosures



**AMENDED ORDER ESTABLISHING  
RECORDS MANAGEMENT PROGRAM**

**THE STATE OF TEXAS**                   §  
   §  
**COUNTY OF CHAMBERS**               §

**WHEREAS**, Title 6, Subtitle C, Local Government Code (Local Government Records Act), provides that each local government must establish an active and continuing records management program; and

**WHEREAS**, Winnie Stowell Hospital District (“DISTRICK”) desires to adopt a plan for that purpose and to prescribe policies and procedures consistent with the Local Government Records Act and in the interests of cost-effective and efficient recordkeeping.

**THEREFORE**, DISTRICK adopts the following:

**SECTION 1. DEFINITION OF RECORDS OF DISTRICK.** All documents, papers, letters, books, maps, photographs, sound or video recordings, microfilm, magnetic tape, electronic media, or other information recording media, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by DISTRICK or any of its officers or employees pursuant to law or in the transaction of public business are hereby declared to be the records of DISTRICK and shall be created, maintained, and disposed of in accordance with the provisions of this ordinance or procedures authorized by it and in no other manner.

**SECTION 2. RECORDS DECLARED PUBLIC PROPERTY.** All records as defined in Sec. 1 of this plan are hereby declared to be the property of DISTRICK. No official or employee of DISTRICK has, by virtue of his or her position, any personal or property right to such records even though he or she may have developed or compiled them. The unauthorized destruction, removal from files, or use of such records is prohibited.

**SECTION 3. POLICY.** It is hereby declared to be the policy of DISTRICK to provide for efficient, economical, and effective controls over the creation, distribution, organization, maintenance, use, and disposition of all records of this office through a comprehensive system of integrated procedures for the management of records from their creation to their ultimate disposition, consistent with the requirements of the Local Government Records Act and accepted records management practice.

**SECTION 4. RECORDS MANAGEMENT OFFICER.** DISTRICK’s District Administrator will serve as records management officer for DISTRICK as provided by law and will ensure that the maintenance, destruction, electronic storage, or other disposition of the records of this office are carried out in accordance with the requirements of the Local Government Records Act.

**SECTION 5. RECORDS CONTROL SCHEDULES.** Appropriate records control schedules issued by the Texas State Library and Archives Commission shall be adopted by the

records management officer for use in DISTRICT, as provided by law. Any destruction of records of DISTRICT will be in accordance with these schedules and the Local Government Records Act.

Signed this the 10<sup>th</sup> day of January, 2018.

**WINNIE STOWELL HOSPITAL DISTRICT**

By: \_\_\_\_\_

Edward Murrell, President  
Board of Directors



**ATTEST:**

\_\_\_\_\_  
Raul Espinoza, Secretary  
Board of Directors



**CERTIFICATE FOR ORDER**

**THE STATE OF TEXAS**   §  
   §  
**COUNTY OF CHAMBERS**   §

The undersigned officer of the Board of Directors of Winnie Stowell Hospital District hereby certifies as follows:

1. The Board of Directors of Winnie Stowell Hospital District convened in a regular meeting on the 10th day of January, 2018, at the District’s Administrative Office, located at the Winnie Community Hospital, 538 Broadway, Winnie, Texas 77765, and the roll was called of the duly constituted officers and members of the Board, to wit:

- Ed Murrell, President
- Jeff Rollo, Vice-President
- Anthony Stramecki, Treasurer
- Raul Espinosa, Secretary
- Sharon Burgess, Director

and all of said Directors were present, except Directors (s) \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at the meeting:

**ORDER ESTABLISHING  
RECORDS MANAGEMENT PROGRAM**

was introduced for the consideration of the Board. It was then duly moved and seconded that the Order be adopted, and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried by majority of the Board.

2. A true, full and correct copy of the Order adopted at the meeting described in the above paragraph is attached to this certificate; the Order has been duly recorded in the Board’s minutes of the meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein, each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Order would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; the meeting was open to the public as required by law; and public notice of the time, place and subject to the meeting was given as required by Chapter 551 of the Government Code.

SIGNED AND SEALED this 10<sup>th</sup> day of January, 2018.

\_\_\_\_\_  
Raul Espinoza, Secretary  
Board of Directors

**SIGN HERE**

**THE STATE OF TEXAS**                   §  
  §  
**COUNTY OF CHAMBERS**           §

This instrument was acknowledged before me on this 10<sup>th</sup> day of January, 2018, by Raul Espinoza, Secretary of the Board of Directors for Winnie Stowell Hospital District on behalf of said District.

(seal)

\_\_\_\_\_  
Notary Public Signature

**SIGN HERE**



# Designation of Local Government Records Management Officer

**Purpose:** The purpose of this form is to notify the Texas State Library and Archives Commission of a change in Records Management Officer (RMO).

**Instructions:** Elected officials complete Section One **only**; all other local governments complete Section Two **only**.

## Section 1 Elected County Officials **ONLY**

1. County: \_\_\_\_\_
2. Title of Office: \_\_\_\_\_
3. Name of Officeholder: \_\_\_\_\_
4. Address: \_\_\_\_\_
5. City: \_\_\_\_\_ ZIP code: \_\_\_\_\_
6. Telephone: \_\_\_\_\_
7. Email address (optional): \_\_\_\_\_

Please subscribe this email address to *The Texas Record* blog for news and training information.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

## Section 2 All Other Local Government Offices

Before filling out this form, consult the Records Management policy/order/ordinance (“policy”) approved by your governing body. If the position of the RMO has changed, or if the policy names an individual who is no longer serving as RMO, a new policy must be filed along with this form.

1. Government: \_\_\_\_\_
2. Position Designated in Policy: \_\_\_\_\_
3. Individual’s Name: \_\_\_\_\_
4. Address: \_\_\_\_\_
5. City: \_\_\_\_\_ ZIP code: \_\_\_\_\_
6. Telephone: \_\_\_\_\_
7. Email address (optional): \_\_\_\_\_

Please subscribe this email address to *The Texas Record* blog for news and training information.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

**Please return original, signed form within 30 days of RMO change to:**

State and Local Records Management Division  
Texas State Library and Archives Commission  
P.O. Box 12927  
Austin, TX 78711-2927



# Declaration of Compliance

with the Records Scheduling Requirement of the Local Government Records Act  
Submitted pursuant to Local Government Code §203.041(a)(2)

## Section 1 SUBMISSION OF DATA

- Government: Winnie Stowell Hospital District
- Address: P.O. Box 1997 or 538 Broadway  
City: Winnie ZIP code: 77665
- Telephone: 409-296-1003 4. Email (optional): sherrie@wsdh-tx.com

## Section 2 LOCAL GOVERNMENT CERTIFICATION

As records management officer for the local government or elective county office named, I hereby declare, that in lieu of filing records control schedules, we have adopted records control schedules that comply with minimum requirements established on records retention schedules issued by the Texas State Library and Archives Commission (as checked below) for use in our records management program. In doing so, I also certify that the administrative rules for electronic records, adopted by the commission under Local Government Code §205.003(a) will be followed for records subject to the rules. I understand that:

- the validity of this declaration is contingent on its acceptance for filing by the commission;
- if we have previously filed documentation with the commission in which we declared our intent to retain all records permanently, we must attach amended documentation to this declaration before it can be accepted for filing;
- the records retention schedules adopted by this declaration may be amended by filing for approval a supplemental Records Control Schedule Amendment (SLR 520) on which are listed proposed retention periods for records that do not appear on schedules issued by the commission (as checked below);
- if a supplemental Records Control Schedule Amendment is not filed, we must file a Request for Authorization to Destroy Unscheduled Records (SLR 501) in order to destroy records that do not appear on schedules issued by the commission (as checked below); and
- the commission will provide us with access to subsequent editions of any schedules issued by the commission.

### 1. I hereby declare that our records control schedules will comply with the following schedules issued by the commission:

- |   |  |
|---|--|
| <input type="checkbox"/> Schedule CC (Records of County Clerks)                     | <input type="checkbox"/> Schedule LC (Records of Justice and Municipal Courts) |
| <input type="checkbox"/> Schedule DC (Records of District Clerks)                   | <input type="checkbox"/> Schedule PS (Records of Public Safety Agencies)       |
| <input type="checkbox"/> Schedule EL (Records of Elections and Voter Registration)  | <input type="checkbox"/> Schedule PW (Records of Public Works and Services)    |
| <input checked="" type="checkbox"/> Schedule GR (Records Common to All Governments) | <input type="checkbox"/> Schedule SD (Records of Public School Districts)      |
| <input checked="" type="checkbox"/> Schedule HR (Records of Public Health Agencies) | <input type="checkbox"/> Schedule TX (Records of Property Taxation)            |
| <input type="checkbox"/> Schedule JC (Records of Public Junior Colleges)            | <input type="checkbox"/> Schedule UT (Records of Utility Services)             |

### 2. If any records control schedules or amendments have been filed with the commission, I also hereby declare that those schedules or amendments:

- are superseded by this declaration.
- are not superseded by this declaration. I understand that, in the event of a conflict between the previously filed records control schedules or amendments and the schedules adopted by this declaration, the longer retention period shall apply.

Name and Title: Sherrie Norris, District Administrator

Signature: \_\_\_\_\_ Date: 1/24/2018

## Section 3 TEXAS STATE LIBRARY ACCEPTANCE (to be completed by Texas State Library)

This Declaration of Compliance has been accepted for filing pursuant to Local Government Code §203.043(a). A record appearing on a schedule issued by the commission (as checked above) may be disposed of at the expiration of its retention period without additional notice to the Director and Librarian, subject to the provisions of Local Government Code §203.041(d).

Name and Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Instructions for Completing Form SLR 508

**PURPOSE:** *State law requires that each local government that wishes to have the authority to destroy records must submit to the Texas State Library and Archives Commission records control schedules listing the records created or received by the local government and retention periods for the records. Form SLR 508 may be used by a local government who wishes to adopt the records retention schedules promulgated by the commission in lieu of filing records control schedules with the commission.*

## SECTION 1: SUBMISSION OF DATA

**Field 1** Enter the complete name of the local government (e.g., City of Amarillo, Brownsville ISD, Brazos County, Harris County Municipal Utility District #25, Tarrant County Constable Pct. 4).

**Fields 2-4** Enter the contact information for the Records Management Officer.

## SECTION 2: LOCAL GOVERNMENT CERTIFICATION

**Field 1** Check the boxes next to the Local Schedules with which your government will comply. If you are not sure which Local Schedules to adopt, please contact the State and Local Records Management Division.

**Schedule CC** is for use by county clerks, county surveyors, and local registrars.

**Schedule DC** is for use by district clerks.

**Schedule EL** is for use by any entity with records of elections and voter registration.

**Schedule GR** includes records such as meeting minutes, personnel files, and accounting records, and is for use by all local governments.

**Schedule HR** is for use by local health units and departments, public health districts, public hospitals, animal control departments, and animal shelters.

**Schedule JC** is for use by public junior colleges.

**Schedule LC** is for use by justice and municipal courts.

**Schedule PS** is for use by public safety agencies.

**Schedule PW** is for use by counties, municipalities, and any local government entity with records of public works and other government services (including, but not limited to: veterans service officers, soil and water conservation districts, public libraries, airports, social services, and planning and zoning offices).

**Schedule SD** is for use by public school districts, open-enrollment charter schools, and other educational districts and cooperatives.

**Schedule TX** is for use by appraisal districts and tax offices of taxing units.

**Schedule UT** is for use by public utilities (water districts and local government-owned water and wastewater, solid waste, electric, and gas utility departments).

**Field 2** If no previous records control schedules have been filed with the commission, leave blank.

a. Choose "are superseded" if you would like for this declaration to replace a records control schedule previously filed with the commission.

b. Choose "are not superseded" if you would like any previously filed records control schedule to remain in effect.

**Signature** Declarations must be signed by the designated records management officer of the local government or elective county office. Declarations not signed by the records management officer will be returned for re-submission. Local Government Code, §203.041(a)(2)

**SECTION 3: DO NOT WRITE IN THIS FIELD. TSLAC USE ONLY.**

**SUBMISSION:** Mail to the address at the bottom of the form. The form may not be filed electronically. A copy of this form indicating its acceptance for filing will be returned to the records management officer.